



# 2012

## CORPORATE SOCIAL RESPONSIBILITY

STRATEGIC GUIDELINES, COMMITMENTS AND INDICATORS





# CORPORATE SOCIAL RESPONSIBILITY

## STRATEGIC GUIDELINES, COMMITMENTS AND INDICATORS



In addition to the Group's 2012 Sustainable Development and Annual Report and website ([www.annualreport.psa-peugeot-citroen.com](http://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 covers the Group's automotive and banking businesses. 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 2012 accomplishments. Together, these publications make up PSA Peugeot Citroën's sustainable development reporting for 2012 and are available on the corporate website, [www.psa-peugeot-citroen.com](http://www.psa-peugeot-citroen.com).

### Global Reporting Initiative (GRI) Guidelines

For the tenth 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 sixth year. According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of its 2012 sustainable development reporting results in an A+ application level (the GRI application level check statement is available at the end of this report).

### Audit

The information in this report complies with French legislation, notably Articles L. 225-102-1 and R. 225-105 of the French Commercial Code as amended by the Grenelle 2 Law, effective since 2012 and described in the Group's Registration Document. The 42 topics addressed in the aforementioned Articles are indicated in this document with icons numbering G1 to G42, and a correspondence table at the end of this report indicates on what pages the information required by the Articles can be found.

In its capacity as outside auditor, Grant Thornton has performed the necessary verifications to:

- ensure that all required information is given in the Group's Management Report and this CSR report, and that explanations are provided for any missing information as set forth in Article R. 225-105, Paragraph 3, of the French Commercial Code and in French Decree 2012-557 of 24 April 2012 (disclosure certification);
- express moderate assurance that all material information is reported faithfully and in accordance with the selected guidelines (moderate assurance report).

In the parts of the document where there is a «Grenelle» reference, the few indicators that were not audited by Grant Thornton in 2012 are indicated by the symbol: ▲

Grant Thornton's full Auditor's Report is available in Section 7 of this document.

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## A STRATEGICALLY INTEGRATED CORPORATE SOCIAL RESPONSIBILITY APPROACH



## 1.1. MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD

### 2012 WAS A TURBULENT YEAR

With sales receding across the globe and a net loss for the year, the Group was again struck by the crisis scourging Europe, our historic market.

Nevertheless we did make notable steps towards our turnaround, like the successful launch of the Peugeot 208 and the introduction of a range of popular hybrid vehicles that already gives us a 14% share of the European market.

We also finalised, on schedule, the agreements covering the three pillars of our Global Alliance with General Motors: logistics, purchasing, and the development of common vehicles.

We announced a restructuring plan and the shutdown of production at our Aulnay plant: painful, but necessary, decisions. We successfully completed our cost-cutting programme – generating savings even beyond our initial goal of €1 billion –, finalised our asset disposals, and got a better handle on our inventory. We also secured financing for our Banque PSA Finance division for the coming years.

In terms of CSR, we retained our excellent rankings thanks largely to our industry-leading environmental performance and the worthy efforts of our PSA Peugeot Citroën Foundation.

We did not shirk from our commitment to corporate social responsibility in 2012 despite the strong headwinds facing our Group. Sustainable development remains a cornerstone of our strategy, and during the year we furthered our initiatives in each of the three pillars of our CSR policy:

- ▶ sustainable mobility: PSA Peugeot Citroën boasts the lowest average CO<sub>2</sub> emissions per vehicle in Europe and has expanded its range of hybrid and electric vehicles;
- ▶ being a responsible employer: we hold true to our principles regardless of the business challenges we face. This means maintaining constant, open dialogue with trade unions and employee representatives and providing support during difficult restructurings;
- ▶ being a responsible corporate citizen: our Foundation along with every one of our sites supports numerous community initiatives, including those designed to provide mobility solutions to the disadvantaged.

This policy is backed by a public commitment to CSR with clear objectives, and engrained in our corporate culture.

In early 2013 we wrote down the book value of our Automobile Division to reflect the deteriorating economic climate in Europe. This accounting adjustment was entirely cash-flow neutral.

We are now poised to face 2013 with prudence but also with confidence.

This year we intend to cut our operating cash burn rate in half compared to 2012. We believe the market will remain sluggish, but plan to reach our objectives by drawing on the clear, differentiated positioning of each of our brands. Peugeot has built a reputation for sleek designs and a remarkable driving experience. Citroën's C line is focused on simplicity, while the DS line – including the latest addition, the widely popular DS3 Cabrio – embodies Citroën's distinctive look and feel. Both brands are endowed with a genuine technological breakthrough: the proof is in our revolutionary Hybrid Air system unveiled this January.

To return to profitability in Europe – our top priority – we will make targeted investments and rationalise our cost structure, mainly by leveraging economies of scale. We will also draw on the new EMP2 modular platform that we introduced in January.

In 2013 we will reap the gains of our investments in high-growth markets: first in China, then in Latin America and Russia. We are on track to reach our target of having 50% of sales come from outside Europe by 2015.

We will of course build on our Global Alliance, and reinforce our efficiency-, teamwork-, and customer promise-obsessed culture.

We are proud to start the new year with a cleansed balance sheet and a solid strategy based on two well-differentiated brands. Our roadmap is clear. Our employees are hard at work getting us to where we want to be – and I thank them for their effort.

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 life cycle 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 multimodal transport.

##### 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). But 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 workplace safety, health and employee cohesion, 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 one of the main environmental challenges facing the automobile industry. There is now a broad consensus in the scientific community that the level of greenhouse gas (GHG) emissions 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<sub>2</sub> would have to be limited to between 400 and 550 ppm<sup>(1)</sup>. The increase in man-made CO<sub>2</sub> emissions has led many 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

(1) ppm: part per million.



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<sub>2</sub> emissions generated by human activities. CO<sub>2</sub> 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/km of CO<sub>2</sub>.

## AIR QUALITY

Contaminants like NO<sub>x</sub>, 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 life cycle, 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 the environment as well as society as a whole.

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 over 70% 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.

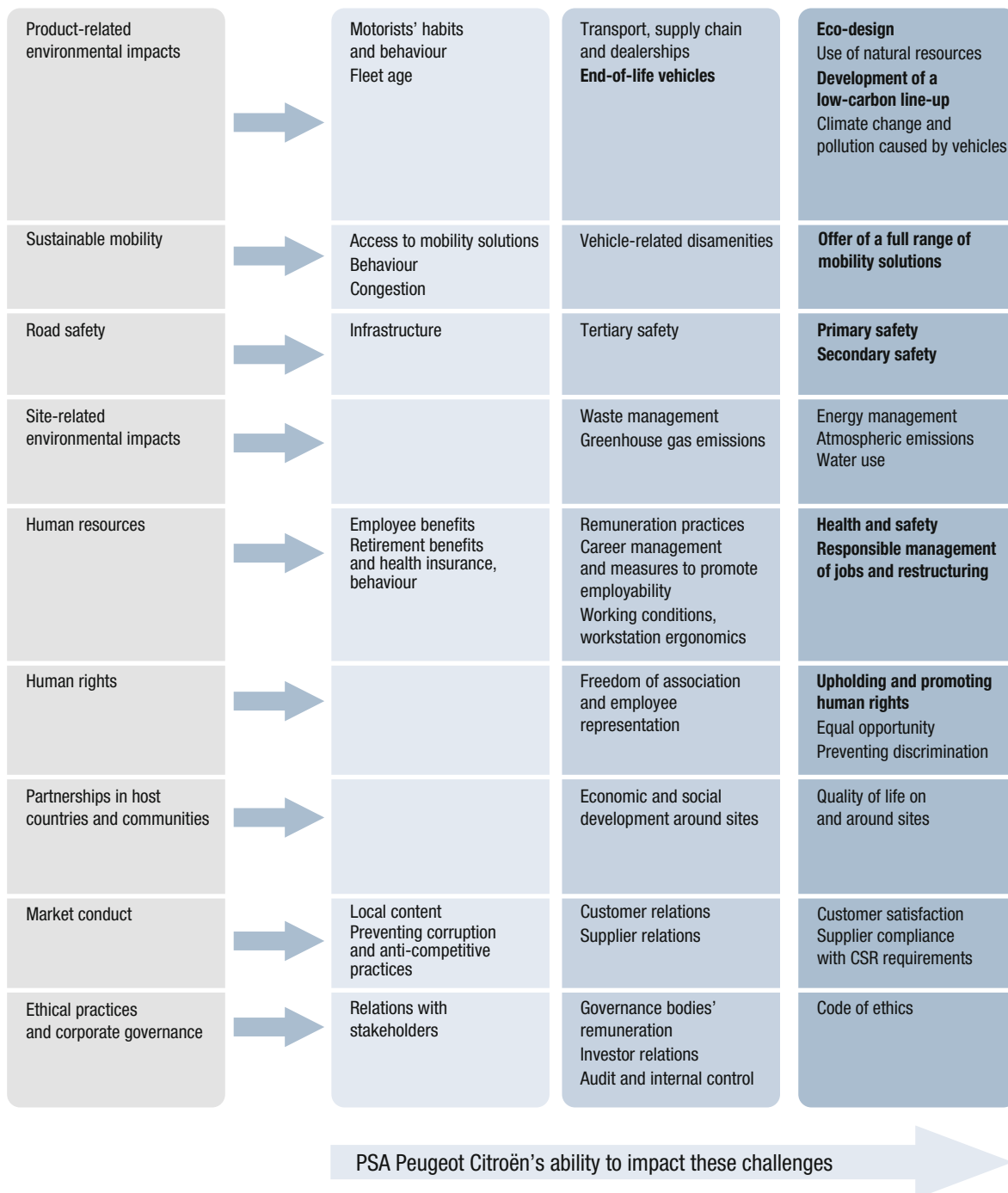
## PARTNERSHIPS IN HOST COUNTRIES AND COMMUNITIES

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, local sourcing, job training and welfare-to-work programmes and other local initiatives.



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

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





### 1.2.3. PSA PEUGEOT CITROËN'S CSR POLICIES

#### CSR, A KEY PART OF THE GROUP'S STRATEGIC VISION

Faced with the challenges of sustainable development, companies today are rethinking their business models in terms not only of products and services, purchasing and human resources, but also of CSR.

They are committed to operating more responsibly, in spite of the tough economic climate and strong headwinds confronting numerous sectors.

At PSA Peugeot Citroën, this commitment is stronger than ever – despite being particularly hard hit by the downturn in the automotive market – and remains a pillar of the Group's strategy.

Its approach to CSR is based on three foundations that broaden its scope to include more than just cars. PSA Peugeot Citroën is positioned as:

- ▶ a sustainable mobility specifier that in particular 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. This cross-functional Department manages the CSR process, backed by a network of correspondents in each of the Group's major departments. It recommends CSR initiatives to the Executive Committee, which approves them in an annual review process and oversees their implementation.

#### SETTING THE STANDARD IN SUSTAINABLE MOBILITY

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

#### LEVERAGING CLEAN TECHNOLOGY TO SHRINK THE GROUP'S ENVIRONMENTAL FOOTPRINT

Every year, PSA Peugeot Citroën makes considerable investments to reduce the CO<sub>2</sub> emissions of the vehicles it sells. Improvements in engine efficiency, combined with programmes to make vehicles lighter and more aerodynamic, have enabled the Group to shrink average emissions per vehicle to 122.5 g/km of CO<sub>2</sub> in 2012 in 22-country Europe. Nearly half the models sold in Europe during the year emit less than 121 g/km of CO<sub>2</sub>. This puts the Group firmly on track to meet the EU target of 95 g/km of CO<sub>2</sub> by 2020, and makes it Europe's best-performing car maker in terms of CO<sub>2</sub> emissions.

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:

- ▶ 2000: first diesel vehicle fitted with a particulate filter as standard;
- ▶ 2009 and 2010: market launch of a number of diesel-powered vehicles emitting less than 99 g/km of CO<sub>2</sub>;
- ▶ 2010: wider use of micro-hybrid e-HDi technology, which automatically shuts down the internal combustion 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<sub>2</sub> 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 sedan and RXH 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<sub>2</sub> and unveiling of the HYDOLE prototype car with a plug-in hybrid diesel engine that emits less than 50 g/km of CO<sub>2</sub>;
- ▶ 2013:
  - ▶ unveiling of the Hybrid Air prototype car with a full hybrid powertrain that combines a petrol engine, compressed air and hydraulic power,
  - ▶ unveiling of the Efficient Modular Platform 2 (EMP2), the Group's new, global platform that uses high-performance, next-generation technology for improved modularity and equipment efficiency, and lower CO<sub>2</sub> emissions,
  - ▶ launch by the Group of the first diesel vehicle equipped with Blue HDi (SCR - Selective Catalytic Reduction technology) resulting in a massive reduction in nitrogen oxide.

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. In 2011, Peugeot rounded out its product line with the fully electric e-Vivacity plug-in scooter. In 2012 the Group was Europe's leading EV manufacturer for the second year in a row. In 2013 its EV line-up will be enhanced with two new light utility vehicles.

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

To pursue this path, the Group has been developing eco-design processes. Its R&D is focused on incorporating renewable materials into its models, and especially into polymers, beginning in the design stage.

As of 2012, 25% of the materials in the Peugeot 208 are bio-sourced or recycled. This eco-design approach will be applied to all Peugeot and Citroën models in the coming years so that they incorporate green materials.



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. It conducts life cycle analyses to 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 COMPANY 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 by:

- ▶ helping to combat climate change;
- ▶ limiting pollution including air and wastewater emissions;
- ▶ protecting the natural environment and biodiversity, and limiting the use of natural resources, most importantly water;
- ▶ reducing and more effectively reusing waste.

Today over 500 employees are directly involved in managing the environmental impact of the Group's manufacturing processes.

The Group has undertaken major modernisation projects at its Sochaux and Mulhouse plants to replace old boilers with new gas-fired ones using the latest technology, in order to cut the plants' combustion emissions. These projects started in late 2011 and should be completed in 2014. The Group's plant in Vesoul, France finished phasing out the use of heavy fuel oils in 2012 with the installation of new natural gas and biomass boilers – thereby allowing the plant to generate the heat it needs while shrinking its carbon footprint considerably.

The Group is continuing to deploy energy-efficiency measures throughout the organisation, enhance its environmental management systems at all plants, and encourage its dealership network to pursue similar initiatives. The Group's environmental measures also extend to its suppliers, through clauses in supply agreements that require compliance with specific CSR criteria.

### 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 new consumer expectations by enhancing its existing services line-up and developing new customisable mobility solutions, including the following already introduced in France and other European countries:

- ▶ Mu by Peugeot, which lets consumers select the vehicle they need for each type of use;
- ▶ Citroën Multicity, multimodality, which enables cars to be linked to a city's other means of transport.

The Group is continuing to roll out these services internationally. Mu by Peugeot is now available in seven European countries and over 90 dealerships. The target is to add over a hundred new sites a year. The service has already received several innovation awards in Germany, Belgium, Spain and the United Kingdom.

Citroën Multicity offers pioneering new services to meet today's mobility needs. These services include:

- ▶ peer-to-peer carsharing, introduced in June 2012, whereby a car owner lends his vehicle to another person for a short period of time. This lets the owner earn extra money from his car and the renter be sure to have a car available when he needs one;
- ▶ carpooling, which lets people save money, reduce CO<sub>2</sub> emissions and have company for long commutes;
- ▶ Citroën Multicity Auto-partage Berlin, an EV carsharing service introduced in Germany's capital on 30 September 2012. This service uses Citroën's C-Zero electric vehicles, and offers maximum flexibility since the cars do not have to be reserved ahead of time and can be used for one-way trips.

In addition, the Group has made road safety an essential component of responsible mobility. Its advanced safety equipment is available on all PSA Peugeot Citroën ranges and is largely affordable. This equipment includes the eCall emergency call service, a distance alert system, and a smart cruise control system for use in moderate traffic that adjusts the car's speed to that of the car in front of it. The Group is also 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 travelling 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.

- ▶ The PSA Peugeot Citroën Foundation, created on 18 June 2011, supports social, educational, cultural and environmental projects related to mobility – an area in which the Group has been active for more than 100 years. This mission is embodied in the Foundation's "A World on the Move" slogan. In the 18 months since the Foundation has been active, it has provided support in the form of funding, equipment, and volunteer time to 138 projects, drawing on a network of 20 regional delegates and over 80 PSA Peugeot Citroën employee volunteers.

The Foundation supports initiatives submitted by public interest organisations around the world, with a preference for the Group's growth regions; 79% of its projects are in France and 21% abroad.



To carry out its philanthropic mission, the Foundation is backed by a multi-year action plan with a five-year budget of €10 million. By end-2012 the Foundation had donated a total of €3.1 million to various charitable organisations, including €2 million in 2012 alone. These donations target five key areas:

- a. “mobility and welfare-to-work programmes” to help the unemployed find jobs (23% of 2012 donations).
- b. “mobility and emergency outreach programmes” to help the poor, homeless, and those in need of humanitarian aid (25% of 2012 donations).
- c. “mobility and educational and cultural programmes” to promote equal opportunity and give a second chance to at-risk youth (26% of 2012 donations).
- d. “mobility and disability programmes” to give the disabled greater independence and an improved quality of life (14% of 2012 donations).
- e. “mobility and the environment initiatives” to build awareness about sustainable mobility and the preservation of biodiversity (12% of 2012 donations).

The Foundation also donates skills by sending volunteer managers to work with the charities it supports. These are typically long-term assignments to provide technical assistance.

- Through its Peugeot brand the Group joined forces with France's National Forestry Service (ONF) in 1998 to initiate 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. In 2012, the project partners set up PETRA, an experimental platform for the management of Brazilian Amazon rural lands. PETRA will supplement the annual support provided to French and Brazilian PhD students for research in priority areas for carbon sink technology (like forestry, biodiversity and carbon capture).

## SUPPLIER RELATIONS: CREATING LASTING COMPETITIVE ADVANTAGE

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.

Its Excellence in Supplier Relations initiative, launched in 2009, responds to supply chain challenges in all aspects of automobile projects including technical support, and production. After designating 13 strategic suppliers in 2011 and 2012 – 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 supplier relationships 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.

## PSA PEUGEOT CITROËN, DEPLOYING A RESPONSIBLE HUMAN RESOURCES POLICY

### HUMAN RESOURCES: A KEY PERFORMANCE DRIVER

#### Personalised Career Development Support

To support its talented employees and help them develop their skills, the Group relies on PSA Peugeot Citroën University, opened in April 2010 to play an ever-greater role in driving the Group's transformation. The University's mission is to transmit – around the world – knowledge and attitudes that comply with PSA Peugeot Citroën's values and strategic objectives.

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

In early 2012 the Group rolled out the “*Mobilitéé 2012*” initiative, to underscore its commitment to responsible development and better manage its restructuring operations. This initiative offers employee mobility opportunities for those wishing to broaden their horizons and working in “sensitive” business.

The initiative provides continuing professional development and job retraining through two programmes:

- an internal programme, called “Top Compétences”, so employees can move into fields where the Group has large HR needs or where the Group needs to balance out its workforce;
- an external programme for employees who want to leave the Group to start their own business, acquire an existing business, take retraining leave, or take a job with another company.

During the transition period, HR and career support staff will meet with these employees in the Group's Employee Mobility and Career Development Offices, to answer employees' questions and give them personalised advice. The Group's number one priority is to make sure that no employee is left to manage his career on his own.

PSA Peugeot Citroën also celebrates the diversity of its people and their cultures and makes equality and respect for differences one of the founding principles of its responsible HR policy. 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 French employee diversity and gender equality awards in recent years, in 2011 the Group obtained the first certification granted under the Gender Equality European Standard.



### A Commitment to Health and Safety

PSA Peugeot Citroën's occupational safety and health policy is implemented through its Occupational Safety and Health Management System. All Group facilities are involved in this structured approach, which in four years has amply demonstrated its effectiveness. PSA Peugeot Citroën believes that the only acceptable goal is an accident-free workplace, and that it cannot develop its business without first ensuring employee safety. The Group focuses its efforts in this area on five key priorities: the prevention of musculoskeletal disorders, the elimination of chemical-related, psychosocial and road safety risks, and the detection of situations that put employees at risk.

The improved occupational safety and health performance at the Group's operations and divisions clearly shows that it has embarked on a process of continuously improving its safety and health indicators. The goal is to pursue this path, focusing efforts on both individual and team behaviour to transform the Group's safety culture over the long term. Before 2014 the Group aims to reduce its lost-time incident frequency rate (for employees and temporary staff) by one point – a goal shared by everyone in the organisation.

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

PSA Peugeot Citroën's commitment to social dialogue is being pursued around the world through international forums for dialogue and discussion, such as the European Works Council and the Joint Union-Management Strategy Committee. This dialogue fosters 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, diversity and occupational safety and health.

This effective dialogue is particularly important during periods of strained labour relations. The Group's management works closely

with labour unions and government representatives to find mutually-acceptable solutions that will limit the job losses stemming from its restructuring plans. The talks should be concluded in the second quarter of 2013.

In 2003 the Group pledged to uphold and promote the 10 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. The Agreement was signed by more than 90 labour unions around the world and applied by all Group subsidiaries in all host countries in 2006. It was renewed in 2010 to include a new objective related to environmental protection.

### 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 meeting the Group's 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 that has been strengthened since 2010 and gradually extended as follows:

- ▶ 2010: creation of a corporate ethical governance structure, the Ethics Committee; deployment of a concrete, up-to-date version of the Code of Ethics in eight languages; pledge by all senior managers worldwide to support the Code of Ethics *via* an e-questionnaire;
- ▶ 2011: creation with 10 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), and the introduction of additional alert systems and tools to combat fraud.



## 1.2.4. CSR COMMITMENTS AND OBJECTIVES

PSA Peugeot Citroën's CSR approach, which responds to a real desire to understand and manage these issues, is fully aligned with the Group's 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 a responsible human resources policy.

The 14 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, social dialogue, gender equality and diversity, ethics, governance, industrial environment, environmental impact of its products, purchasing policy and Philanthropy.

These commitments translate the Group's values into concrete actions, and constitute its CSR roadmap.

The commitment concerning the reduction of vehicle weights, discussed in last year's CSR report, has been eliminated this year because it is now an integral part of all vehicle design projects. All of the other 14 commitments have been renewed this year.

The 14 commitments are broken down into 22 measurable objectives tracked by the Executive Committee. Of the 22 objectives set for 2012, 16 were met, exceeded, or well on track to be met according to plan. Three objectives are behind schedule and will need particular attention, and three will require a major effort given the current economic climate.

- ▶ objectives met:
  - ▶ develop low-carbon vehicles (like electric vehicles, hybrid vehicles,

- ▶ use green materials in Peugeot and Citroën vehicles,
- ▶ develop systems to recycle end-of-life vehicles,
- ▶ implement responsible sourcing methods,
- ▶ adopt a Code of Ethics,
- ▶ expand corporate donations through the PSA Peugeot Citroën Foundation,
- ▶ roll out the Multicity mobility service,
- ▶ implement workplace safety measures and provide ergonomic workstations,
- ▶ reduce VOC emissions at Group plants,
- ▶ offer employee training programmes;
- ▶ three objectives behind schedule due to the economic climate:
  - ▶ roll out the Mu by Peugeot service (slower than planned),
  - ▶ increase the number of women in senior management positions (slower than planned),
  - ▶ increase the number of vehicles with an emergency call feature (2012 target pushed back to 2013);
- ▶ objectives that will be difficult to meet in the current economic climate:
  - ▶ reduce energy and water consumption per vehicle manufactured: The Group was hurt by a drop in sales volumes (-14%) that was greater than the energy savings (6.5%) achieved during the year. And as sales volumes continue to decline, the Group prefers to focus on keeping production sites open than to implement temporary unemployment measures,
  - ▶ roll out the Greenpact and Wanact initiatives in the dealership network (will now be done one topic at a time, with waste treatment to be addressed in 2013).



## A STRATEGICALLY INTEGRATED CORPORATE SOCIAL RESPONSIBILITY APPROACH

### 1.2. PSA Peugeot Citroën's response to the automobile industry's CSR challenges

Commitment	Objective published last year	2012 results and remarks
<b>Setting the standard in sustainable mobility</b>		
<b>Low-carbon vehicles for all types of use</b>		
<b>COMMITMENT I. Increase the proportion of low-carbon vehicles in the sales mix</b>		
1	Sell one million vehicles emitting less than 120 g/km of CO <sub>2</sub> in Europe, so that they account for 44% of passenger car and light commercial vehicle sales as from 2012.	<b>Objective exceeded in 2012</b> Vehicles emitting less than 120 g/km of CO <sub>2</sub> accounted for 46.2% of sales, versus a target of 44%. The number of such vehicles sold was less than one million, but because of an overall decline in sales the percentage target was met.
<b>COMMITMENT II. Offer hybrid and electric vehicles</b>		
2	Equip a total of one million vehicles with Stop and Start diesel (e-HDi) and petrol technology by end-2013.	<b>Objective met in 2012</b> Sales volumes are on track to reach the one million target by end-2013: • 620,000 Stop and Start vehicles sold as of end-2012. • new Stop and Start petrol models will be introduced in 2013.
3	Sell 6,000 electric vehicles in Europe in 2012.	<b>Objective exceeded in 2012</b> 6,700 electric vehicles were sold.
4	Launch four promising diesel hybrid models in 2012.	<b>Objective met in 2012</b> The Peugeot 3008 HYbrid4, 508 RXH and 508 HYbrid4 and the Citroën DS5 HYbrid4 were introduced during the year.
<b>COMMITMENT III. Sharply increase the proportion of green materials (recycled, natural or biosourced) in Peugeot and Citroën vehicles</b>		
5	Ensure that 27% of the non-metallic and non-mineral materials in vehicles whose projects end in 2012-2013 are made from renewable or recyclable materials.	<b>Objective met in 2012</b> The most recent vehicles launched on the market are in line with the objective.
<b>COMMITMENT IV. Ensure that end-of-life vehicles are recovered and recycled</b>		
6	Set up a system to ensure compliance with the EU's end-of-life vehicle directive in all 27 EU countries by end-2013.	<b>On track to meet target</b> PSA Peugeot Citroën already complies with the directive in 24 of the 27 EU member states. In France, the Group's system already lets it achieve an 88.9% recovery rate (based on 2011 data). Only the 2011 data are available on Eurostat in January 2013.
<b>On-board mobility and intelligence</b>		
<b>COMMITMENT V. Extend safety systems across the vehicle line-up</b>		
7	Achieve a total of 1.5 million vehicles in Europe equipped with an emergency call system by the end of 2012.	<b>Objective not met in 2012</b> 1.267 million vehicles produced in Europe were equipped with an emergency call system at the end of the year. The target could not be met due to the slowdown in the European car market and ensuing tumble in sales volumes in 2012.
<b>COMMITMENT VI. Be the first carmaker to offer customised, multi-product mobility services</b>		
8	Deploy Mu by Peugeot in cities with a population of more than 300,000 as follows: • 200 sites open in Europe by end-2012; • 9 countries covered by end-2013: France, Germany, United Kingdom, Italy, Spain, Netherlands, Belgium, Switzerland and Austria.	<b>Objective not met in 2012</b> The rollout of Mu by Peugeot in France had to be suspended in the second half of 2012 because the Mu by Peugeot IT system is being upgraded.
9	Expand Citroën Multicity as follows: 2012: 19,000 transactions and Multicity launched in Germany 2013: Multicity launched in three other countries	<b>Objective met in 2012</b> 24,000 transactions were made and Multicity was launched in Germany.
<b>Committed to protecting the environment</b>		
<b>COMMITMENT VII. Manage the environmental and societal impacts of the Peugeot and Citroën dealership networks more effectively</b>		
10	Deploy an environmental and social scorecard in the proprietary dealership network. 2012: Continue deployment at select pilot sites. 2012-2013: Spread the initiative to six other European countries.	<b>Objective not met in 2012</b> The initiative continued to be implemented in France during the year despite tight budgets. Dealerships were informed of the importance of waste management and encouraged to register on the waste collection traceability website AutoEco. Peugeot France: 60% of proprietary dealerships and 25% of other dealerships had registered on AutoEco by year-end. Citroën France: 100% of proprietary dealerships and 95% of other dealerships had registered on AutoEco by year-end, and 50% of proprietary dealerships had obtained the AutoEco Clean certification.
<b>COMMITMENT VIII. Continue to reduce the environmental footprint of manufacturing operations</b>		
11	Carefully manage energy consumption, with a target of 2.05 MWh per vehicle produced in 2012 (at PCA worldwide).	<b>Objective not met in 2012</b> 2.30 MWh per vehicle produced in 2012, compared with 2.14 MWh in 2011 and 2.42 MWh in 2010 (at PCA worldwide). The Group was hurt by a drop in sales volumes (-14%) that was greater than the energy savings (-6.5%) achieved during the year.



2013 objective	2015/2020 vision
<b>2013 objective:</b> Maintain the percentage of vehicles emitting less than 120 g/km of CO <sub>2</sub> at over 46% of sales, with at least 18% of sales coming from vehicles emitting less than 100 g/km of CO <sub>2</sub> .	<b>For 2015:</b> 65% of the Group's passenger cars and light commercial vehicles sold in Europe emit less than 120 g/km of CO <sub>2</sub> . 25% of the Group's passenger cars and light commercial vehicles sold in Europe emit less than 100 g/km of CO <sub>2</sub> . These percentages are in line with the European CAFE target for 2020.
<b>2013 objective:</b> Equip a total of one million vehicles with Stop and Start diesel (e-HDi) and petrol technology by end-2013.	<b>Objective for 2016-2020:</b> 50% of PSA Peugeot Citroën vehicles sold in Europe equipped with Stop and Start technology in 2016. <b>By 2020:</b> Wider deployment of Stop and Start technology.
<b>2013 objective:</b> Expand the Group's EV product line-up.	<b>2015-2020:</b> Offer EVs in the catalogue for a mix aligned with the market.
<b>2013 objective:</b> Sell 25,000 hybrid vehicles.	<b>For 2020:</b> Offer diesel and petrol hybrids in the catalogue for a mix aligned with the market.
<b>2013 objective:</b> Make at least 30% (by weight) of vehicles introduced in 2013 from natural or recycled materials.	<b>By 2020,</b> make at least 35% (by weight) of vehicles from natural or recycled materials.
<b>2013 objective:</b> Set up a system to ensure compliance with the EU's end-of-life vehicle directive in all 27 EU countries by the end of the year.	<b>From 2015:</b> Achieve a recovery rate for end-of-life vehicles in Europe of 95%, with a re-use/recycling rate of 85%.
<b>2013 objective:</b> Achieve a total of 1.5 million vehicles made in Europe equipped with an emergency call system by the end of 2013.	<b>2015-2020:</b> Continue rolling out PSA Peugeot Citroën's current line-up in Europe to prepare for the upcoming EU eCall regulation (emergency number 112).
<b>2013 objective:</b> Deploy Mu by Peugeot in cities with over 300,000 residents, with 200 new sites open in Europe and eight countries covered (France, Germany, United Kingdom, Italy, Spain, Netherlands, Belgium and Switzerland) by the end of the year.	<b>2015-2020:</b> Develop a sustainable mobility solution for business customers (including carpooling, carsharing, 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.
<b>2013 objective:</b> Offer new mobility services in France and Germany targeted to new usages like carpooling and peer-to-peer carsharing. Target for year-end 2013: 26,000 transactions and 1,000 customers signed up for the new services.	<b>2015-2020:</b> Facilitate automobile travel through an array of customised services provided by the on-board Multicity Connect offering.
<b>2013 objective:</b> <ul style="list-style-type: none"> <li>Peugeot France: have 100% of proprietary dealerships and 60% of other dealerships registered on AutoEco by the end of the year.</li> <li>Citroën France: have 100% of proprietary dealerships and 200 other dealerships AutoEco Clean-certified by the end of the year.</li> <li>Europe ex-France: map out subsidiaries' and dealerships' best practices in waste management.</li> </ul>	<b>2015-2020:</b> Deploy the environmental and social scorecard across Europe.
<b>2013 objective:</b> Maintain energy consumption at 2.30 MWh per vehicle produced (at PCA worldwide). As sales volumes continue to decline, the Group prefers to focus on keeping production sites open than to implement temporary unemployment measures.	<b>For 2015:</b> Reduce energy consumption to 2 MWh per vehicle produced (at PCA worldwide).



## A STRATEGICALLY INTEGRATED CORPORATE SOCIAL RESPONSIBILITY APPROACH

### 1.2. PSA Peugeot Citroën's response to the automobile industry's CSR challenges

Commitment	Objective published last year	2012 results and remarks
12	Reduce water consumption to less than 4.0 cu. m per vehicle produced in 2012 (at PCA worldwide).	<b>Objective not met in 2012</b> 4.86 cu. m per vehicle produced in 2012, compared with 4.52 cu. m in 2011 and 4.85 cu. m in 2010 (at PCA worldwide). The Group was hurt by a drop in sales volumes (-14%) that was greater than the energy savings (-6.5%) achieved during the year.
13	Reduce VOC emissions to 3.42 kg per vehicle produced in 2012 (at PCA worldwide).	<b>Objective met in 2012</b> 3.30 kg of VOC per vehicle produced, compared with 3.65 kg in 2011 and 3.75 kg in 2010 (at PCA worldwide).

#### A full-fledged partner to its host communities: supplier relations

##### COMMITMENT IX. Develop sustainable, mutually beneficial relationships that comply with the highest social responsibility and environmental responsibility requirements

14	Have over 90% of purchasing expenditure covered by a supplier commitment in 2012. Guarantee supplier commitment through audits as follows: 2012: <ul style="list-style-type: none"> <li>20 CSR audits of suppliers identified as "at risk";</li> <li>follow-up inspections for all audits that show serious or critical non-compliance.</li> </ul>	<b>Objective met in 2012</b> 91.4% of purchasing expenditure was covered by a supplier commitment. Suppliers' commitment to CSR was ensured through audits (21 audits were performed in 2012 and follow-up inspections were conducted for all audits that showed serious or critical non-compliance).
15	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.	<b>Objective met in 2012</b> Purchasing volumes from sheltered workshops and other organisations that employ the disabled amounted to 2.23 points of the percentage of handicapped employees at PCA France.

##### COMMITMENT X. Provide an additional contribution to civil society in response to environmental and social issues: mobility, local development and community outreach

16	Secure the PSA Peugeot Citroën Foundation firmly within the Group through the involvement of 1,000 employees.	<b>Objective met in 2012</b> There were 86 mentors, 100 volunteers, 100 PR officers, 20 local delegates and 750 Facebook fans among Group employees in 2012, and 1,000 people/week read the Foundation's news on the Group's online portal.
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#### A concerned corporate citizen respect for human rights, gender balance and diversity

##### COMMITMENT XI. Promote gender equality and diversity, ensure equal opportunity and prevent discrimination

17	Have at least 100 senior management and executive positions filled by women in 2012.	<b>Objective not met in 2012</b> There were 90 women senior managers and executives, making up 10% of these positions, in 2012.
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#### Well-being in the workplace and skills development

##### COMMITMENT XII. Provide employees with a safe, healthy workplace in which their talent can flourish

18	Reduce the lost time injury frequency rate *, including temporary employees, to less than 1 point at end-2013.	<b>On track to meet target</b> The lost time injury frequency rate, including temporary employees, was 1.99 points in 2012, down from 2.42 points in 2011.
19	Continue to improve plant workstation ergonomics, with the goal of reducing the percentage of "heavy" workstations to 8% and increasing the percentage of "light" workstations to 58%.	<b>Objective met in 2012</b> 8% of workstations were designated as "heavy" and 56% as "light" during the year.

##### COMMITMENT XIII. Develop and recognise employee capabilities so that each team member can contribute more fully and autonomously to the Company's performance

20	Have 100,000 employees take part in at least one training course or e-learning session in 2012.	<b>Objective exceeded in 2012</b> 102,391 employees, or 83% of the workforce, took part in at least one training course or e-learning session in 2012.
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#### Ethical practices and corporate governance

##### COMMITMENT XIV. Strengthen the rules of ethical behaviour across the Group

21	Have 20,000 managers trained on the Code of Ethics during the year.	<b>Objective exceeded in 2012</b> 20,720 managers in 22 countries were trained on the Code of Ethics, which is available in 16 languages.
22	Set up an ethics alert system available to all employees worldwide in 2013.	<b>On track to meet target</b> A network of ethics correspondents has been created across the Group, on three levels: by region, with regional Chief Ethics Officers; by division, with fraud detection managers at each major division; and by site, with local security managers.

\* This rate includes temporary employees.



2013 objective	2015/2020 vision
<b>2013 objective:</b> Same as in 2012: reduce water consumption to less than 4.0 cu. m per vehicle produced (at PCA worldwide).	For 2015: Reduce water consumption to 3.6 cu. m per vehicle produced (at PCA worldwide).
<b>2013 objective:</b> Maintain VOC emissions at 3.30 kg per vehicle produced (at PCA worldwide).	For 2015: Reduce VOC emissions to 3.14 kg per vehicle produced. Comply with EU Directives to be issued in 2018.
<b>2013 objective:</b> All suppliers that submit bids for new vehicles will be given a CSR self-assessment form to complete, and the results will be factored into purchasing decisions (to be implemented in March 2013, when the tracking system will be set up).	2015-2020: Deploy initiatives to raise awareness of CSR issues among suppliers in "at risk" regions as part of an auto industry programme.
<b>2013 objective:</b> Maintain business volumes with the six leading associations of sheltered workshops and other organisations that employ the disabled in France.	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.
<b>2013 objective:</b> Increase the number of employees involved in the Foundation's activities to 1,500.	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.
<b>2013 objective:</b> Maintain the number of senior management and executive positions filled by women at 90, given that the current climate favours company-to-company mobility.	Raise the percentage of women senior managers and executives to 15% by 2015.
<b>2013 objective:</b> Achieve a lost time injury frequency rate, including temporary employees, of 1.5 points on average during the year.	From 2014, maintain the lost time injury frequency rate, including temporary employees, at less than 1 point.
<b>2013 objective:</b> Maintain rates of 8% "heavy" workstations and 56% "light" workstations at Group plants.	Reduce the percentage of "heavy" workstations to 7% and increase the percentage of "light" workstations to 60% by 2020.
<b>2013 objective:</b> Have at least 70% of employees take part in at least one training course or e-learning session during the year. Due to the circumstances facing the Group, training efforts will be focused on employees directly affected by changes in the Group's operations.	Pursue training initiatives with the goal of adapting skills to changes in auto industry professions.
<b>2013 objective:</b> Roll out the Code of Ethics and related materials in every country in which the Group operates (plants and sales branches), especially in China (except for joint venture employees) and Russia.	Annual audits of compliance with the Code of Ethics result in no major observations.
<b>2013 objective:</b> Make sure that all employees know who their business ethics contacts are at each of the three levels (Chief Ethics Officer, fraud detection manager, and local security manager).	Maintain the alert system.



## 1.2.5. MAIN INDICATORS

- Indicates data reviewed by Grant Thornton.
- Indicates data reviewed by PricewaterhouseCoopers.

### MAIN ENVIRONMENTAL INDICATORS

	Units		2010	2011	2012
Direct energy consumption	(MWh ncv)	TOTAL	2,775,649	► 2,230,475	► 2,297,653
		o/w PCA	► 2,507,405	2,004,560	► 2,088,608
Indirect energy consumption	(MWh)	TOTAL	3,002,814	2,902,795	► 2,763,336
		o/w PCA	► 2,820,756	► 2,721,606	► 2,595,997
Direct greenhouse gas emissions	(tonnes CO <sub>2</sub> eq)	TOTAL	595,516	480,758	► 492,992
		o/w PCA	► 537,116	► 432,305	► 447,464
Indirect CO <sub>2</sub> emissions	(tonnes)	TOTAL	356,693	294,150	► 320,976
		o/w PCA	300,186	250,821	► 283,044
Direct CO <sub>2</sub> emissions	(tonnes)	TOTAL	30.5	21.1	► 21.5
		o/w PCA	► 15.6	► 13.0	► 14.0
Direct NO <sub>2</sub> emissions	(tonnes)	TOTAL	585.6	463.0	► 484.1
		o/w PCA	► 522.0	► 411.5	► 435.9
Paintshop VOC emissions	VOC (tonnes)	PCA	► 8,390	► 8,059	► 6,597
	Ratio (kg/vehicle)	PCA	► 3.75	► 3.65	► 3.30
Annual water withdrawals	(m <sup>3</sup> )	TOTAL	11,553,434	10,702,925	► 10,471,436
		o/w PCA	► 10,864,641	► 9,974,110	► 9,767,624
Weight of waste (excluding metal waste)	(tonnes)	TOTAL	348,244	339,348	► 297,518
		o/w PCA	325,909	319,968	► 280,403

Scope:

Total = PCA, AP/AC, PCI, PMTC

PCA = Automobile Division production sites, R&D facilities and offices

AP/AC = Peugeot and Citroën dealership network

PCI = Process Conception Ingenierie

PMTC = Peugeot Motorcycle

BPF = Banque PSA Finance



## MAIN SOCIAL INDICATORS

(At 31 December)	Units	2010	2011	2012
Employees under permanent or fixed-term contracts*		124,650	126,736	▶ 123,462
Employees under fixed-term contracts*	(average annual number)	7,735	7,395	▶ 6,002
Total payroll costs*	(in thousands of euros)	5,987,801	6,164,574	▶ 6,003,279
Employees hired under permanent contracts*		6,665	9,189	▶ 6,272
Separation rate**	(% of total workforce)	7.3%	5.7%	▶ 8.4%
LTIFR		▶ 2.79	▶ 1.99	▶ 1.78
Disabled employees*		5,705	5,721	▶ 6,014
Hours of training**	(in thousands of hours)	3,100	3,233	▶ 2,588
	(average hours per employee)	24.6	23.6	▶ 21
Percentage of women employees**	(% of Group workforce)	21.8%	22%	▶ 19.1%

Scope:

\* Automobile and Banking Divisions and other operations

\*\* 2011 and 2012 data include GEFCO

Definition:

LTIFR = Lost-Time Injury Frequency Rate

## 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 in turn reports to the Chairman of the Managing Board – has pursued a structured approach since 2003. It works with a network of front-line correspondents present 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 contributors within their own departments. The environmental network, for example, has nearly 500 members and is present in all host countries, facilities and subsidiaries.

The progress of the sustainable development commitments and objectives is reviewed periodically and is 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 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 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (G3);
- ▶ the Global Compact, which PSA Peugeot Citroën joined 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). 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 Group's Code of Ethics; a new Code of Ethics was issued in 2010 to update and expand on the Code of Ethics published in 2003,
  - ▶ purchasing: the Supplier Guidelines for PSA Peugeot Citroën's Corporate Social Responsibility Standards,

- ▶ 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. It also contributes to the CSR promotion efforts of the French employers' federation (MEDEF) and the French association of private-sector businesses (AFEP).

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 2012 Indicators Report, which supplements the Sustainable Development and Annual Report.

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

For the tenth 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 2012 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 report complies with French legislation, notably Article R. 225-105 of the French Commercial Code as amended by the Grenelle 2 Law, effective since 2012 and described in the Group's Registration Document. A correspondence table indicating on what pages the legally-required information can be found as well as the independent auditor's report by Grant Thornton are given at the end of this document.

#### SCOPE OF REPORTING

The social and environmental data in this report are for the consolidated group, and concern the parent company as well as all the entities it controls in its Automobile and Banking Divisions.

In 2012 the Group's reporting scope has therefore changed to reflect the sale of 75% of its GEFECO logistics business. Data about GEFECO are no longer included in the report, except possibly for certain indicators for information purposes only.

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 and are consequently not included in this report.

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;
- ▶ CAPSA, located in Shenzhen, China, in cooperation with China Changan Automobiles;
- ▶ 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, a joint venture with Mitsubishi Motors Corp, is included in the social scope of this report but not 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. Therefore it takes its CSR responsibilities just as seriously in these joint ventures as it does in its other operations.

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 2012 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.

## 1.3.3.2. AUDIT

The process for generating the CSR data and indicators about the Group's plants, sales branches, brands, and banking business (Banque PSA Finance) published in this report complies with French regulations, notably Articles L. 225-102-1 and R. 225-105 of the French Commercial Code as amended by the Grenelle 2 Law. These data and indicators have been audited by independent auditor Grant Thornton. Data required by the Grenelle 2 Law are indicated with icons numbered from G1 to G42.

Indicators that have not been audited by Grant Thornton are indicated by the symbol: ▲

Grant Thornton's full auditor's report is available at the end of this document.

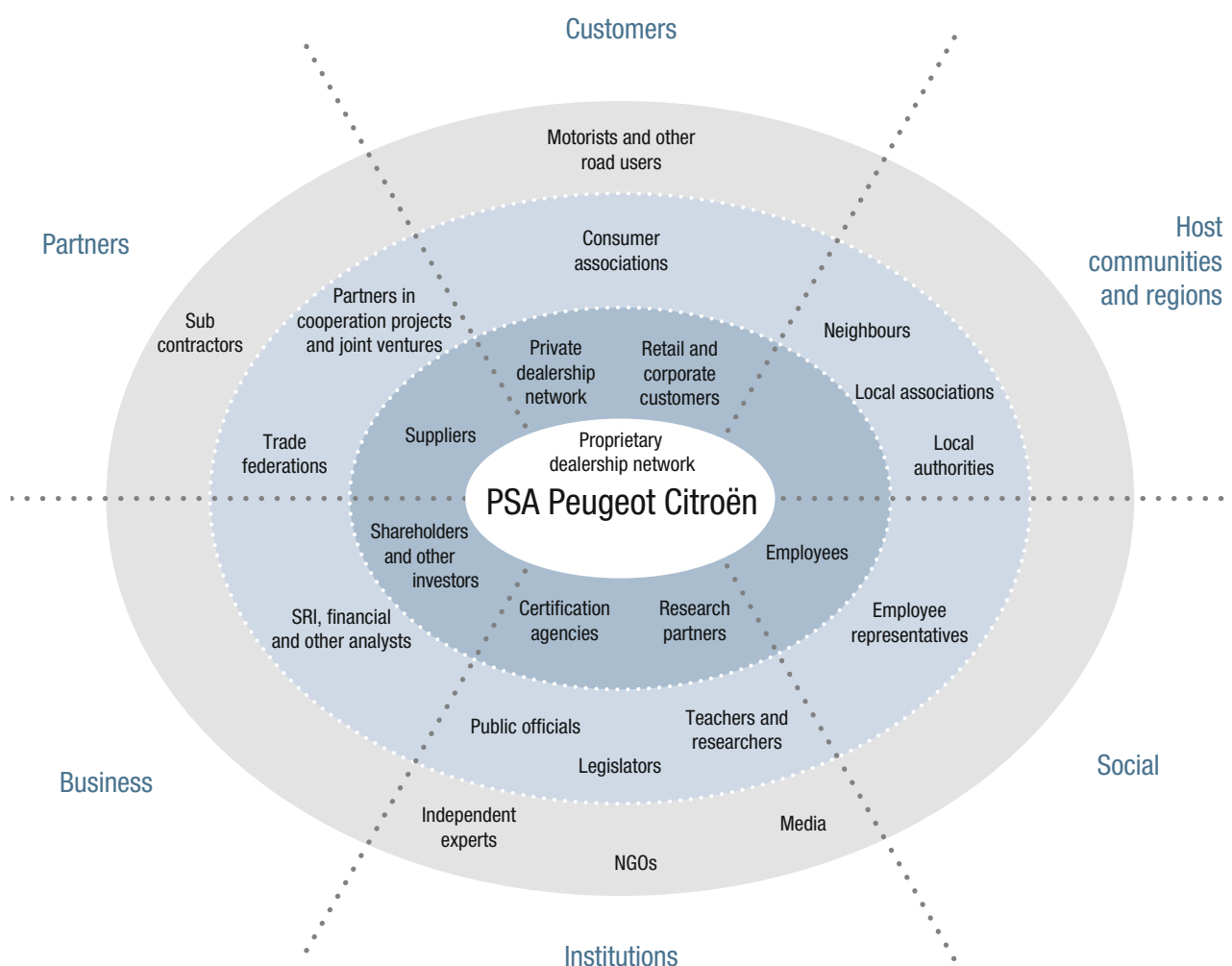
## 1.4. RELATIONS WITH STAKEHOLDERS G.36

PSA Peugeot Citroën – a major player in the local economies where it operates – has maintained solid relations with all of its stakeholders for many years. This dialogue helps it better identify its social, environmental and business risks and opportunities, 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
<b>Employees</b>	<ul style="list-style-type: none"> <li>Internal communication through newsletters, websites, events, etc.</li> <li>Awareness campaigns on sustainable development, diversity, disabilities, eco-driving, safe driving, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Daily dialogue with management</li> <li>Discussion among employees within Basic Work Units</li> <li>Suggestion boxes</li> <li>Dialogue through employee representatives</li> <li>Periodical satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Training</li> </ul>
<b>Employee representatives</b>		<ul style="list-style-type: none"> <li>Social agenda</li> <li>European Works Council expanded to a Global Council</li> <li>Joint Union-Management Strategy Committee</li> <li>Specific sessions on site</li> </ul>	<ul style="list-style-type: none"> <li>Global Framework Agreement on Social Responsibility</li> <li>Collective bargaining agreements and employee relations agreements with labour unions</li> </ul>
<b>Customers and consumer associations</b>	<ul style="list-style-type: none"> <li>Peugeot and Citroën websites</li> <li>Responsible communication charter</li> <li>Information on road safety features when a vehicle is delivered</li> </ul>	<ul style="list-style-type: none"> <li>Dealership network and customer services</li> <li>Consultation with consumer panels</li> <li>Consumer relations teams</li> </ul>	
<b>Dealership networks</b>		<ul style="list-style-type: none"> <li>Customer satisfaction and quality feedback</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of all types of risk (including ethical) before a dealership contract is signed</li> <li>Inclusion of sustainable development clauses in dealership contracts</li> </ul>
<b>Shareholders and other investors</b>	<ul style="list-style-type: none"> <li>Letter to shareholders</li> <li>Sustainable Development and Annual Report and Registration Document</li> <li>Corporate <i>website</i></li> <li>Annual and interim financial results</li> </ul>	<ul style="list-style-type: none"> <li>Consultation Committee</li> <li>Annual Shareholders' Meeting</li> <li>Investor meetings</li> <li>Numerous conferences</li> </ul>	
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Monthly information meetings</li> </ul>	<ul style="list-style-type: none"> <li>Supplier trophies</li> <li>Innovation days</li> <li>Strategy meeting (CEO + 300 largest suppliers) and products/projects meeting</li> <li>Mission of four regional delegates</li> <li>Supplier relations teams</li> </ul>	<ul style="list-style-type: none"> <li>Social and environmental guidelines for suppliers</li> <li>Sustainable development clauses in contracts and general terms and conditions of sale</li> <li>Involvement in France's PFA – a platform set up to foster on-going discussion and exchange among auto industry stakeholders</li> </ul>
<b>Partners in cooperation projects and joint ventures</b>		<ul style="list-style-type: none"> <li>Member of French, European and global trade associations for automobile manufacturers (like the CCFA in France and the ACEA for Europe)</li> </ul>	<ul style="list-style-type: none"> <li>Joint development and production of vehicle components and bases, notably for electric vehicles, hybrid components and Euro 6-compliant engines</li> </ul>
<b>Other carmakers</b>		<ul style="list-style-type: none"> <li>Member of the European Automobile Manufacturers' Association (ACEA)</li> <li>Member of national trade associations in all host countries</li> </ul>	
<b>Financial and SRI rating agencies</b>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Report</li> </ul>	<ul style="list-style-type: none"> <li>Responses to questionnaires and periodic requests</li> </ul>	
<b>NGOs and associations</b>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Report</li> </ul>	<ul style="list-style-type: none"> <li>Responses to requests</li> <li>Meetings with NGOs</li> <li>Formalised discussions</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the local community (infrastructure, local associations, etc.)</li> <li>Support from the Foundation for projects and charities</li> </ul>
<b>Institutions</b>		<ul style="list-style-type: none"> <li>Regular contacts with European and international institutions, as well as with French authorities</li> <li>Local contacts with consulates</li> </ul>	



## A STRATEGICALLY INTEGRATED CORPORATE SOCIAL RESPONSIBILITY APPROACH

### 1.4. Relations with stakeholders

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
<b>Host communities and site neighbours</b>	<ul style="list-style-type: none"> <li>Events on road safety, environmental issues, sustainable mobility and other topics</li> </ul>	<ul style="list-style-type: none"> <li>Discussions with local officials</li> <li>Open houses and site visits</li> </ul>	
<b>Media</b>	<ul style="list-style-type: none"> <li>Press releases</li> <li>Website and media centre (corporate and brands)</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated press relations teams</li> </ul>	
<b>Teachers and researchers</b>	<ul style="list-style-type: none"> <li>Forum for France's leading business and engineering schools</li> <li>Awareness campaigns with local schools and events for France's Industry Week</li> </ul>	<ul style="list-style-type: none"> <li>Intern and apprenticeship programmes, and laboratory space for doctoral candidates under a CIFRE contract</li> <li>Work on urban mobility within the City on the Move Institute (IVM)</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships with national educational systems in each host country</li> <li>Visits, vehicle donations and educational events held by Group sites</li> </ul>
<b>CSR experts and related groups</b>		<ul style="list-style-type: none"> <li>Discussion sessions</li> </ul>	

The Group also communicates with other stakeholders through its banking business, Banque PSA Finance:

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
<b>Supervisory bodies French Prudential Controls Authority (ACP)</b>	Annual report on internal controls Internal Controls Charter	<ul style="list-style-type: none"> <li>Inspections by the ACP</li> <li>Half-yearly results presentations</li> <li>Regular communication of financial and accounting indicators</li> <li>Inspections by local supervisory agencies</li> </ul>	
<b>Trade associations</b>	French Association of Financial Companies (ASF) French Banking Federation (FBF) Equivalents in the countries where the Group operates	<ul style="list-style-type: none"> <li>Working groups</li> <li>Ad-hoc discussions as needed</li> </ul>	
<b>Commercial partners</b> <ul style="list-style-type: none"> <li>Banking</li> <li>Insurance</li> </ul>	HSBC and Société Générale	<ul style="list-style-type: none"> <li>Operational cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Joint ventures and other types of partnerships in some countries</li> </ul>
<b>Certification agencies</b>	Bureau Veritas	<ul style="list-style-type: none"> <li>ISO 9001 version 2008 certification annual audit</li> </ul>	
<b>Consumer associations</b>	Through the French Association of Financial Companies (ASF)	<ul style="list-style-type: none"> <li>Involvement in ASF initiatives on consumer credit</li> </ul>	
<b>Investors</b>	Banks and Institutional Investors	<ul style="list-style-type: none"> <li>Through the Group's Finance Division</li> </ul>	
<b>Dealership networks</b>	Dealerships, subsidiaries, and branches	<ul style="list-style-type: none"> <li>Customers and advisors</li> </ul>	
<b>Rating agencies</b>	e.g., Moody's and Standard & Poor's	<ul style="list-style-type: none"> <li>Road shows</li> <li>Results presentations</li> </ul>	

### 1.4.3. DIALOGUE INITIATED IN 2012 BY PSA PEUGEOT CITROËN

In response to the global economic crisis that recently hit the Group, its management has had to restructure the Group's operations and scale back production capacity. Throughout this restructuring, the Group has made a concerted effort to maintain open dialogue with all stakeholders involved, such as labour unions, local and national governments and automotive industry representatives.

The goal is to work together to build a support system for employees whose jobs are threatened.

More specifically, the Group is working with stakeholders to:

- ▶ set up continuing professional development and job retraining programmes to help employees find new jobs either elsewhere in the Group or with another company;
- ▶ work with local government leaders on initiatives to revitalise the Aulnay and Rennes sites, in order to save jobs and sustain local economic development.



PSA Peugeot Citroën also plays an active role in a working group established to build awareness among French SMEs of the opportunities and benefits of maintaining open stakeholder dialogue. The working group is led by French employers' association MEDEF and is comprised of around 10 large French corporations. It will issue a guide for French SMEs in the spring of 2013 outlining the principles, best practices and recommended tools for ensuring productive stakeholder dialogue.

Many of the other industry organisations and trade associations that PSA Peugeot Citroën belongs to (like EPE, C3D, Comité 21, CCFA,

and MEDEF's CSR Committee) have also formed working groups to foster dialogue with stakeholders such as French Tier 1 and Tier 2 suppliers, local and national governments, NGOs, labour unions, environmental protection agencies, and organisations involved in mobility and multi-modal transportation solutions.

These initiatives help the Group better identify the environmental and societal challenges it faces, and better understand the needs of all stakeholders wishing to talk with the Group directly about their key priorities like mobility and clean energy.

## 1.5. PRESENCE IN INDICES, AWARDS AND DISTINCTIONS RECEIVED

### PRESENCE IN SOCIALLY RESPONSIBLE INVESTMENT (SRI) INDICES

A number of SRI indices, including FTSE4Good, Vigeo, and the Ethibel Excellence Index®, have included PSA Peugeot Citroën in recognition of its commitment to corporate social responsibility. PSA Peugeot Citroën has been granted Prime status in the sustainable rating carried out by Oekom Research.



FTSE4Good  
Environmental Leader

PSA Peugeot Citroën came in second in the Automobiles & Parts category of the FTSE4Good ESG Ratings issued in September 2012.



The Vigeo indices, introduced in late 2012 and updated every six months, group together the listed companies with the best environmental, social, and governance (ESG) ratings. There are currently four Vigeo indices: Vigeo World 120 for the top 120 companies globally; Vigeo Europe 120 for the top 120 European companies; Vigeo France 20 for the top 20 French companies; and Vigeo UK 20 for the top 20 British companies. As of November 2012 PSA Peugeot Citroën was included in the World 120, Europe 120, and France 20 indices in 9<sup>th</sup>, 8<sup>th</sup> and 3<sup>rd</sup> place, respectively.



Peugeot S.A. has been included in the Ethibel Sustainability Pioneer and Excellence indices since 12 May 2006. Its inclusion in these indices was renewed on 13 January 2012 thanks to the Group's CSR performance.



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.



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. The Carbon Disclosure Project rates companies' transparency concerning climate change issues, on the basis of a publicly disclosed methodology that changes each year. PSA Peugeot Citroën maintained its B rating in 2012. The Group's 2012 responses may be viewed on the Carbon Disclosure Project website.

Lastly, in accordance with its Global Compact commitments, the Group reports on improvements made during the year in each of the 10 principles.



## AWARDS

### AWARDS RECEIVED IN 2011 AND 2012

- ▶ 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.
- ▶ PSA Peugeot Citroën is a founding member of French endowment fund Arborus, which aims to promote gender equality in the workplace in Europe. Arborus helps member companies share best practices in this area and works to encourage the adoption of these practices on a European level.
- ▶ 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. This certification was renewed following an audit in February 2012.



### PRODUCT AWARDS IN 2012

- ▶ PSA Peugeot Citroën won the Ecobest 2012 award on 4 February 2013 for marketing a wide range of technology designed to enhance its vehicles' environmental performance. The Ecobest Award recognises a major achievement in green technology for the automotive industry. It is given by Autobest, a trade association founded in 2000 to represent emerging automobile markets in Europe – markets that cover some 300 million residents. The selection committee was comprised of automotive journalists from 15 countries in Central and Eastern Europe. It commended the Group's world premiere launch of HYbrid4 diesel technology as well as its marketing of micro-hybrid systems.

HYbrid4 – the world's first diesel hybrid technology – was introduced in 2012 and is now available on the Peugeot 508, 508 RXH, and 3008, and on the Citroën DS5. In less than a year after these market launches, the Group has become Europe's second-leading maker of hybrid vehicles with a 14% market share.

PSA Peugeot Citroën is also Europe's second-leading electric vehicle manufacturer and the leader in France, with more than 6,500 Peugeot iOns and Citroën C-Zeros sold across Europe in 2012. Light commercial vehicles will be added to the EV line-up in 2013. PSA Peugeot Citroën again leads the way in Europe in terms of CO<sub>2</sub> emission performances, as its vehicles average just 122.5 g/km of CO<sub>2</sub>.

- ▶ Peugeot and Citroën cars receive numerous awards around the world every year, reflecting their proactive approach combining best-in-class quality with industry-leading design.
  - ▶ Citroën cars won nearly 50 awards in 2012. The DS concept car and vehicle line-up alone won over 40 awards from automotive industry magazines, websites, and journalists globally, reflecting the brand's strong international reach. Half of these awards were given in China. The awards praised DS models' designs, innovation – especially in terms of technological advancement – and effectiveness in meeting the needs of today's drivers. In Spain the Citroën DS5 won two distinctions: one for innovation from *Muy Interesante* magazine; and one for its HYbrid4 technology from *Actualidad Económica* magazine, which named it one of the 100 best ideas of the year. In Portugal, the Citroën DS5 won both the 2012 Innovation Award and the 2012 Eco-solution of the Year Award given by automotive magazine *Turbo*, for the car's HYbrid4 technology.
  - ▶ Peugeot also had a remarkable year, raking in nearly 20 awards. The HYbrid4 technology on three of its models (the 3008, 508 sedan, and 508 RXH) received much acclaim in markets that place a lot of importance on technological and environmental performance. The Peugeot 3008 HYbrid4 was named Switzerland's Greenest Car and Italy's Cleanest Car; in Germany the model won the Paul Pietsch award for its innovative hybrid diesel technology proven to cut CO<sub>2</sub> emissions significantly.



These awards come on top of around a dozen other awards that the model has won since 2011. In Spain, the Peugeot 508 RXH was named 2012 Renting Car of the Year in automotive magazine *Renting Automoción*. The selection committee, comprised of car rental companies, financial firms, and automotive journalists, considered numerous criteria such as fuel consumption, maintenance costs, and resale value.

In Korea, the Peugeot 308 with eHDi second-generation Stop and Start system was named Eco Car of the Year by the local media. The Peugeot 208 received kudos in Italy, Spain, Slovenia and Croatia for its compact design and aptitude for urban driving. In the minivan category, the Peugeot Partner was named Best Light Utility Vehicle 2012 in Chile and Minivan of the Year 2012 in Russia.



## A STRATEGICALLY INTEGRATED CORPORATE SOCIAL RESPONSIBILITY APPROACH



## SETTING THE SUSTAINABLE MOBILITY STANDARD

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## 2.1. THE INNOVATION PROCESS

### The Group's Organisation Factors in Environmental Issues from the Design Stage of its Products and Services

Within the Automobile Division (which includes PCA), the Research and Development Department reports to the Executive Committee. With close to 16,000 employees worldwide, R&D does all the work on technological innovation for the Group, concentrating on three main areas:

- ▶ low-carbon vehicles: to meet the challenges of the environment, the depletion of fossil fuels and changing lifestyles;
- ▶ design, concept and styling for flawless perceived quality;
- ▶ services, working with Peugeot and Citroën Marketing to think through the future of connectivity and mobility (multi-modal transport and onboard intelligence).

The Programmes Department continuously monitors implementation of the solutions chosen throughout the development

of vehicle projects and measures their efficiency: usage of green materials, CO<sub>2</sub> emissions. A dedicated entity oversees the Group's end-of-life vehicle policy.

The Group's banking arm, BPF, has two central teams dedicated to product design: the "Financing Products and Services" and Insurance Products marketing teams. Their respective ranges are designed in close consultation with the marketing teams for the two brands. The result is a single BPF product plan, which integrates the brands' input to support the marketing of low-emission vehicles through appropriate and innovative financing products and services. Operational marketing teams in the BPF subsidiaries adapt the offerings to their local markets: laws, practices, language.

Finally, the "City on the Move Institute" (IVM<sup>(1)</sup>), created by PSA Peugeot Citroën in 2000, initiates and promotes research and trials aimed at better understanding how urban mobility is changing.

### 2.1.1. CITY ON THE MOVE INSTITUTE

The City on the Move Institute, or IVM, was created in 2000 and has become a key player in the field of research and innovation on urban mobility. Its activities in Europe, China and Latin America earned it plaudits during the year from leading international institutions, such as *UN-Habitat* and the World Bank. Its work and demonstrators on the inclusive and social aspect of transport systems, on the potential for developing new services, particularly in the suburbs and newly expanding districts of Chinese cities, on the need for quality in transport spaces and inter-modal transport, are now recognised as benchmark studies by town and transport professionals alike. The IVM pursues an original approach, working with multi-disciplinary academic fields, with major world cities open to innovation and with representatives of the community and NGOs. In 2012, the Institute developed its investigation of the new socio-economic challenges posed by the development of home services and their implications for day-to-day transport needs and organisation ("City at Home"): a number of social experiments are being studied in partnership with Mu by Peugeot in the Franche Comté region. The IVM is also continuing its Europe-wide comparative study on potential innovations and improvements to taxis in suburbs and small towns.

The most important events in 2012 were as follows:

1. **The making of movement**, an international research and dialogue programme on representations of the city and the mechanisms of public action in transport policy. A conference in Paris on 26-27 March welcomed more than 300 people from all around the world, representing academia, the corporate world, municipalities and the professions. The conference went under the title "What is

it that drives public action on urban mobility issues?" and centred around four events:

- ▶ opinion-sharing between researchers starting from concrete studies in fifteen towns around the world;
- ▶ a survey of 700 students worldwide on their dreams for the city of tomorrow;
- ▶ the Young Researcher Prize, jointly awarded for two studies: an analysis of the controversies surrounding the building of the commuter rail service in Brussels and an analysis of the failed launch of the Transantiago service in Santiago de Chile;
- ▶ positions put by experts, fresh-eyes reports on a number of surveys, interviews with politicians, the implementation of a collaborative web platform and public participation throughout the conference *via* the online forum.

All the outcomes of the conference were posted online, in various multimedia formats including a 3D film, and a digest was published. Jean-Pierre Orfeuil also published a work on greater Paris in 2012;

2. **Two specific demonstrators** were set up on the theme of the "legible city". The first was created in partnership with employment charities for the citizens of Greater Lyon as part of the city's mobility and insertion platform. It is an educational tool teaching about mobility *via* a digital interface. The second was a multi-mode information project designed and implemented on the City of Buenos Aires bus lines in partnership with the municipality and design centre;

(1) IVM = Institut pour la Ville en Mouvement.

3. Joint sponsorship of a debate in the International cultural centre of Cerisy-La Salle about “the Genius of walking”: the theme of walking was investigated in all its aspects: philosophical, artistic, design, robotic, cognitive, economic and in relation to the town and different modes of transport;
4. The third **Better mobility, better life!** awards, held in partnership with leading Chinese institutions and the World Bank, recognised initiatives within Chinese civil society to invest in new mobility services (car-sharing, mutual management of car parks, information, transport for children, participatory organisation, etc.);
5. A redesigned IVM website: the new site goes online in early 2013. As well as information on past and upcoming activities, it will now make available all the studies and work done (more than 700 documents), classified by theme and key words in the Institute’s various working languages;
6. **Renewal of the Science and Steering Committee**  
Under the leadership of its new Chairman, Marcel Smets, the Committee has expanded its international dimension, appointed more women and emphasised eclecticism and diversity in its members’ specialities. Most of the members are now from outside France and more than one third are women;
7. **Enhanced institutional recognition for the IVM, particularly outside Europe, and diversification of partnerships**

Some examples of partnerships:

- ▶ in China, the World Bank was a partner in the “Better mobility, better life!” awards;
- ▶ the IVM was a partner in the “World Urban Campaign: I am a City Changer”, run by UN-Habitat;
- ▶ the IVM was present at the Earth Summit, Rio+20, held in mid-June in Rio de Janeiro, presenting its activities at the Rio Pavilion and taking part in debate on the future of the city sponsored by UN-Habitat. The institute also went as a member of the French delegation to the Global Urban Forum and IVM Latin America was invited to present its work on the theme of The Street and public space in mobility;
- ▶ the IVM took part in the work of the Nicolas Hulot Foundation on energy transition and energy insecurity;
- ▶ the Making of Movement project was steered by IVM with its Chinese and Latin American university chairs. The Making of the City project was run in partnership with the Paris-Est University and support from the Ile-de-France regional government, the *Institut d’urbanisme et d’Aménagement d’Ile de France*, the Research Institute of the *Caisse des Dépôts et Consignations* and with the participation of the French National Federation of Urbanism Agencies;
- ▶ Veolia transport is a partner in the Taxis programme.

PSA Peugeot Citroën allocated a budget of €1,050,000 to IVM in 2012.

## 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 2012, totalling around €2 billion for the Automobile Division (including development costs on existing products).

More generally, CAPEX and R&D expenditure of €3.750 billion for the Automobile Division in 2012 is slightly below the 2011 total of €4.035 billion. Nevertheless, it will enable the Group to continue developing strategic products, researching innovative technological solutions and expanding to new geographic areas.

### 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.

Innovation, research and development are, therefore, priorities for PSA Peugeot Citroën. They are in effect a major source of leverage to meet the great challenges of the automotive industry (changing

standards and legislation, rising environmental awareness, emerging mobility and networking needs, product appeal, etc.) and in order to develop a competitive advantage, PSA Peugeot Citroën allocates in the region of €2 billion to research and development (R&D), that is 5.2% of its automotive revenue, in order to continue actively preparing for the future. In 2012, the Group continued the transformation plan undertaken in 2011 aimed at organisational, economic and technological efficiency in R&D.

Still with the aim of preparing for the future, PSA Peugeot Citroën has put in place an Open Innovation initiative, an internal and external initiative to expand its field of opportunities: reduce development costs, identify new trends and speed up time to market. This initiative brings together a wide range of players: universities, laboratories, suppliers, institutions, other manufacturers, customers, etc. in order to identify new trends, spot new items of technology and ensure the Group’s international presence.

The Group has six research and development centres worldwide – four in France (Vélizy, Sochaux-Belchamp, La Garenne-Colombes 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.



Cars are the result of a unique development and design initiative within the Group: 15,910 PSA Peugeot Citroën employees are involved in R&D every day, 14,250 of whom work in research and development, 1,110 in Latin America and 550 in Asia.

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 car buyers innovative functionalities and design;
- ▶ competitiveness, so we can deliver affordable innovations;
- ▶ disruptive process technologies (robotics, new surface treating processes, etc.), to provide high-performance productive systems.

In 2012, R&D has been particularly focused on:

- ▶ the reduction of CO<sub>2</sub> 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;  
Europe's second manufacturer, PSA Peugeot Citroën is reaffirming its progress and technological and environmental advantage through a new family of three-cylinder petrol engines and also its hybrid diesel models, for which it is the pioneer and world leader. 3008 HYbrid4, 508 HYbrid4, 508 RXH and DS5 HYbrid4 have already brought great success with nearly 22,000 sales in 2012;
- ▶ the development of vehicles linked to the renewal of the Peugeot and Citroën ranges: thus the average age of the range will be maintained at 3.5 years, with 17 new launches in 2013. The pace of renewals with significant innovations will be kept up;
- ▶ the development of a communicating car with improvements in driving aids for ever better safety and comfort, and work on the connection between the driver and their vehicle to integrate new customer uses.

R&D continues to expand its field of activity internationally, most notably in China, Latin America and Russia. A large number of product launches were carried out in 2012: Peugeot 208, 301, 4008, 308 China, 3008 China, 408 Russia and Malaysia; Citroën C Elysée, C4 Aircross, C3 Latin America, C4L China; as well as the EB and EC5 engines.

Work carried out in R&D led to the launches in 2012 of the Peugeot 208 and 301, the Citroën C-Elysée and two SUVs as well as the EB engine, and the division continues to expand its activity internationally, most notably in China, Latin America and Russia. This work also led to the Group launching four hybrid models in 2012, enabling it to come second in Europe in terms of hybrids, with a market share of 14% acquired in one year.

The efforts made in R&D were illustrated during innovation day on 22 January 2013, during which the Group presented several new technologies, most notably:

- ▶ Hybrid Air technology, a full hybrid petrol and compressed air solution that is a key step towards the 2 l/100 km car;
- ▶ its new global modular platform EMP2 (Efficient Modular Platform 2), which provides high-performance solutions in terms of modularity, equipment and reductions in CO<sub>2</sub> emissions;
- ▶ SCR (Selective Catalytic Reduction), an innovative technology to treat nitrogen oxide (NO<sub>x</sub>) emissions from diesel cars, to be launched in 2013.

## AN ACTIVE PATENT POLICY

In March 2013, during the awards published by the National Institute for Industrial Property (NIIP), PSA Peugeot Citroën unveiled 1,348 patents filed in 2012 (compared to 1,237 in 2011). The Group was once again France's leading patent filer, for the sixth consecutive year.

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 Group's emphasis on environmental issues is clearly evident in its patent filing policy: a significant number of the 1,348 patents filed in 2012 (compared to 1,237 in 2011 and 1,152 in 2010) related to anti-pollution techniques. These included SCR (Selective Catalytic Reduction), an innovative technology for treating nitrous oxide (NO<sub>x</sub>) from diesel vehicles, Particle Filtering, which, coupled with SCR allows reductions in NO<sub>x</sub> emissions and fuel consumption, and Stop & Start technology.

PSA Peugeot Citroën also focused its innovation drive on electric and hybrid vehicles, resulting in the patents for Hybrid Air, Hybride Eco, HYDOLE and VêLV:

- ▶ Hybrid Air is a new full-hybrid powertrain that combines petrol and compressed air, a major advance towards the 2 l/100 km vehicle;
- ▶ Hybride Eco is a hybridisation technology for petrol and diesel segments B, C and D which will allow significant reductions in CO<sub>2</sub> emissions and fuel consumption;
- ▶ HYDOLE (mostly electric Hybrid) is a rechargeable hybrid project developed as a demonstrator to test the potential uses of the vehicle of the future and meet customer demands for range, comfort and accessibility;
- ▶ the VêLV (light electric town vehicle) is a light electric vehicle project (zero CO<sub>2</sub> emissions) designed to meet the need for urban and suburban trips with very low power consumption.

Also, many of the patents filed in 2012 aim to protect the Group's new modular platform: EMP2 (Efficient Modular Platform 2) offers a high-performance solution to modularity, equipment and reducing CO<sub>2</sub> emissions.

Connectivity is another strategic area for the Group and multimedia equipment, networking, electronics and human-machine interfaces also made up a considerable portion of the patents filed in 2012.

Finally, the plan to move PSA Peugeot Citroën's vehicle range upmarket was apparent in the many patents dealing with comfort, both inside and outside the vehicle: retractable, supple or transparent roof architectures, internal storage space, seat comfort, backrests, headrests, lights, aircon and heating.

The pro-active policy on patent filing was started at the beginning of the 2000s with the setting up of various initiatives such as an incentive system of bonuses paid to inventors on filing requests for patents, awards for inventors and the creation of a patent-organisier network to efficiently relay patent information to the different Group management teams.

This policy underwent significant change in 2011 to provide even greater protection for technological developments considered to be strategic or for innovations embedded in vehicle projects or mechanisms, or implemented in plants. PSA Peugeot Citroën is thus consolidating a high value portfolio.

Current patents aim to protect "engine" developments such as the reduction of CO<sub>2</sub> emissions and pollution remediation. For example, SCR technology, which is a solution being worked on by the Group to comply with the future Euro 6 standards. In the same way, protection of new alternative powertrains is still on the agenda to prepare for post-HYbrid4 and notably to reduce the cost of hybrid technology and reduce CO<sub>2</sub> emissions. For vehicle body structure, research on lightening the structure and improving the safety of both vehicle occupants and pedestrians are regularly the object of the patents filed, and these also cover the product and manufacturing process. In terms of equipment, whilst not abandoning the protection of future seating and interior fittings, efforts are particularly aimed at the protection of developments in the areas of electronic architecture adapted to new alternative powertrains, connectivity (Smartphone-Vehicle connections) and Human Machine Interfaces (touch screens). Close attention is also paid to driving aids (to help keep in lane or change lane, blind spot detection, VisioPark parking, panoramic vision parking, etc.), as these are in increasingly high demand by customers. Not forgetting back of vehicle signaling and selective road lighting, MagicWash wipers and the comfort of passengers.

The new patents strengthen a portfolio of innovations – the guarantee of a potential for differentiation in a demanding and ever-changing market – therefore enabling the Group to stand out from the competition.

### 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 (StellLab) 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 and 2012 StellLab 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 Systems Materials Integration Laboratory (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 Mixed International Unit (UMI), the *École Nationale Supérieure d'Arts et Métiers de Metz*, and the Henri Tudor Public Research Centre (CRP) in Luxembourg;
- ▶ Fluidics in Poitiers with the Institut Pprime; and
- ▶ Computational Mechanics in the Paris region, with the *École Polytechnique* Solid Mechanics Laboratory (LMS) and the Materials Centre of the *École des Mines*.

In 2012, four new OpenLabs were launched in France, Brazil and China:

- ▶ VAT@Lyon, in the field of vibrations, acoustics and tribology, with the *École Centrale de Lyon*, *INSA de Lyon* and Claude Bernard University plus a Chinese connection via the *École Centrale de Pékin*;
- ▶ Competitive Intelligence, with the University of Bordeaux;
- ▶ Biofuels, with the Pontifical Catholic University of Rio de Janeiro (PUC);
- ▶ Multimodal Perception and Reasoning for intelligent vehicles, with the PKU University, Beijing.

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. Nearly 20% of scientific research is now carried out by OpenLabs.

The OpenLabs creation programme will continue in 2013. Projects include Open Lab Biology-Chemistry-Physics (βxø) with the Pierre & Marie Curie University, University of Versailles Saint-Quentin-en-Yvelines and the *Collège de France*, dedicated to high level research partnerships in the field of non-conventional materials for future mobility systems.

In November 2011, having inaugurated its hub – a website for managing partnerships and scientific projects and hosting demonstration and experimental labs – and an online collaborative



platform, StelLab went fully operational in 2012 as a venue for meeting and exchanges by PhD students, researchers and experts, including the hosting of StelLab Scientific Meetings. At the start of 2013, the hub was working as a demonstration platform for a selection of interesting technologies collected in 2012.

### 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 Innovation Department. 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 Plan is part of the Open Innovation process.

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.

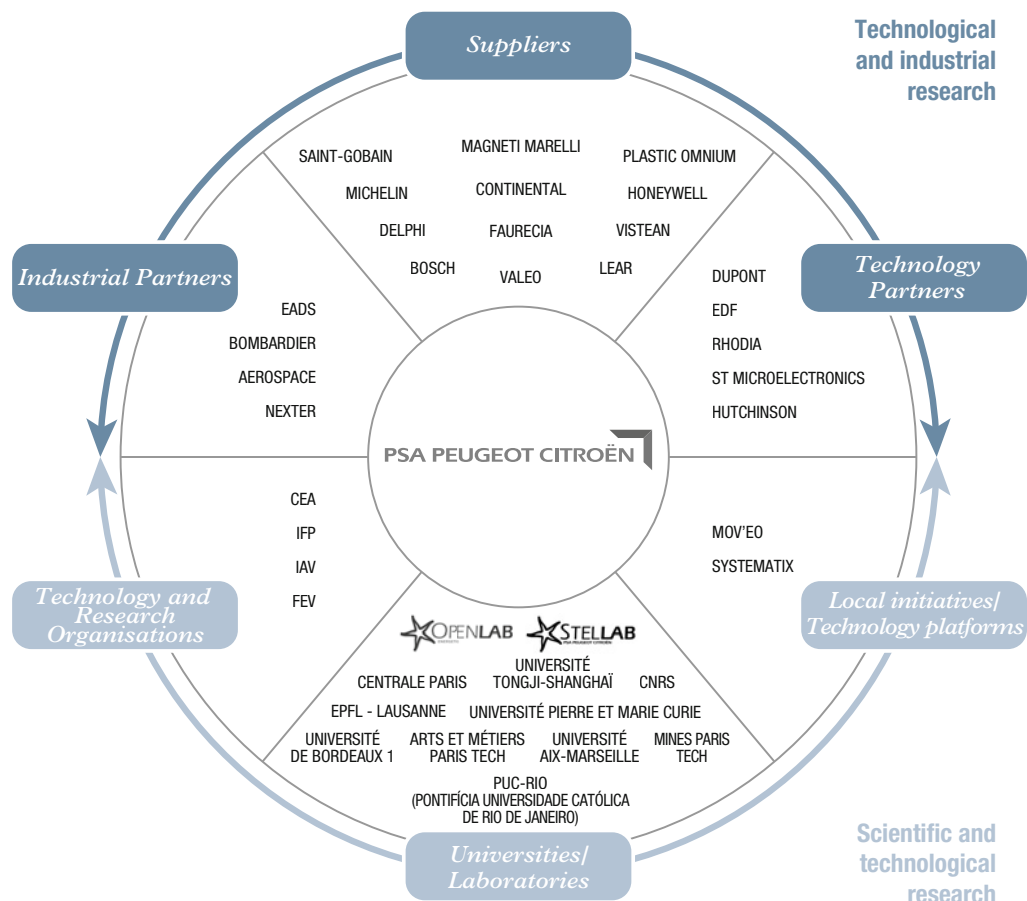
- ▶ the Group has long worked with certain partners like IFP, CEA and French national power utility EDF;
- ▶ as far back as 1999, a pioneering co-innovation process was initiated with its tier 1 equipment-makers, based on framework agreements signed with around 10 of the leading suppliers (Bosch, Continental, 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 Research and Advanced Innovation Department 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.

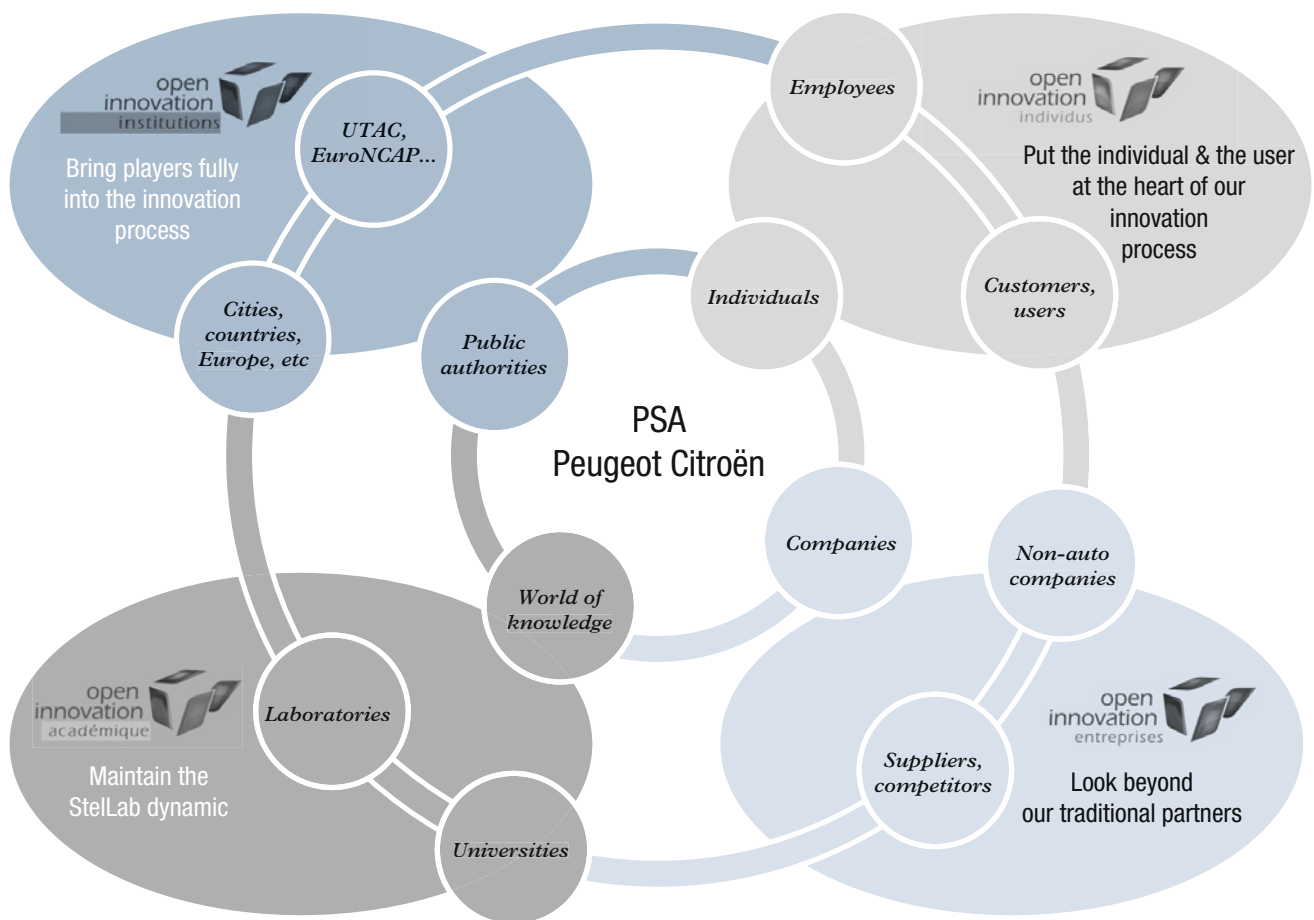
Today the Partners Plan comprises around 15 innovation plans, around 15 technological or research and advanced engineering organisations and 20 or so universities and laboratories.

### 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 three 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.

The ambition of the Open Innovation project is to help the Group address three factors essential to success:

- ▶ Accessing the best knowledge available (scientific, technological, behavioural, etc.);
- ▶ Helping with R&D funding, by spreading costs and risk with its partners or by exploiting expertise and technologies for outside uses;
- ▶ Making the Group faster on its feet and cutting times to market.

In 2012, PSA Peugeot Citroën bolstered its ability to innovate and strengthened links between each of the four eco-systems that make up Open Innovation:

- ▶ Open Innovation academia (StelLab, OpenLabs, etc.);

- ▶ Open Innovation enterprises (strategic suppliers, non-auto partners such as EADS and Rhodia, suppliers of composite components and innovative anti-pollution materials, etc.);
- ▶ Open Innovation individuals (experiments in participative innovation, which puts the individual and customers at the heart of the innovation process);
- ▶ Open Innovation institutions (UTAC, public authorities, etc.).

The three main aims for the year were:

- ▶ To continue expanding the role of the individual, customers or future customers at the heart of the innovation process;
- ▶ To work better with SMEs and startups to enhance the Group's agility and keep a step ahead;
- ▶ To make the Group a partner of choice in the field of innovation.

The "Open Innovation individuals" eco-system takes in Group employees, customers and transport users in the broadest sense. The aim is to bring together all these individuals in the innovation process. To achieve this, the Group has developed methods of collaboration



and participation that allow it to collect, analyse, exploit and transform identified needs, new behaviours, new ideas and emerging trends in technologies or services.

The Group's actions to put the individual (employee or customer) at the heart of the innovation process earned it the "2012 Trophy for Participative Innovation in Product Development Innovation" from Innov'Acteurs, an umbrella body for French companies engaged in participative innovation projects.

In 2012, several "idea challenges" were launched by the Group internally and externally. These bring users together to consider a strategic issue in a way that feeds into the work being done by Research and Innovation and enhances their creativity:

- ▶ "Citroën Creative Awards" is an ideas challenge organised externally to the Group. Between October 2011 and January 2012, it generated 450 ideas for further analysis. The initiative was relaunched for the third year running in December 2012.
- ▶ "Connected Users" is the first ideas challenge run internally on a Group-wide scale. Held in May 2012 on the theme of connectivity, it proved a great success: more than 7,000 unique visitors, more than 1,300 participants at 70 sites, more than 1,000 ideas, eventually whittled down to 85, which led to 18 invention proposals and four patents filed.

All these actions helped to exploit the innovation and commitment of customers from the conception phase. They also testify to the transformation that the Group is currently undergoing.

### 2.1.3. ECO-DESIGN AND LIFE CYCLE ANALYSIS G.28

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

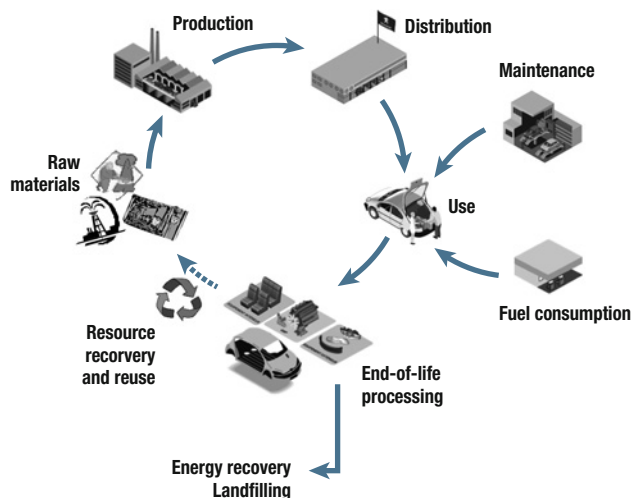
and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also guarantees that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

Life cycle stage	Major challenges
<b>Product definition</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Design and engineering</b>	<ul style="list-style-type: none"> <li>Design vehicles at an acceptable cost and attenuate their impact:                             <ul style="list-style-type: none"> <li>on the environment, by reducing their CO<sub>2</sub> and other local emissions, using resources responsibly and improving their recyclability;</li> <li>on society, by improving their safety performance, reducing noise pollution, easing traffic congestion, etc.</li> </ul> </li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>Reduce the environmental impact of automobile manufacturing.</li> <li>Ensure workplace safety.</li> <li>Participate in the economic and social life of local communities.</li> </ul>
<b>Transport and sale</b>	<ul style="list-style-type: none"> <li>Integrate environmental concerns into supply chain and dealership network management.</li> <li>Responsibly inform customers, in advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes.</li> </ul>
<b>Use</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>End of life</b>	<ul style="list-style-type: none"> <li>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).</li> </ul>

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 multi-criteria environmental footprint of a vehicle and

validate its component and materials design. 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 to contact a product's environmental impact.

PSA Peugeot Citroën tracks the following indicators, among others:

- ▶ climate change or the impact of CO<sub>2</sub> and other greenhouse gas emissions;
- ▶ acidification of the air, caused in part by sulphur emissions;
- ▶ eutrophication of water, caused by emissions of nitrous compounds;
- ▶ creation of photochemical ozone;
- ▶ depletion of primary resources;

- ▶ primary energy consumption;
- ▶ total CO<sub>2</sub> emissions;
- ▶ total CO emissions;
- ▶ total NO<sub>x</sub> emissions;
- ▶ 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 friendly technologies and materials.

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 fibreglass showed a 14% reduction in the component's climate change impact.

Similarly, a life cycle analysis carried out with Valéo and Rhodia showed that introducing recycled polyamid 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 polyamid.

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 as from the product development 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 AND ADAPTATIONS TO THE EFFECTS OF CLIMATE CHANGE **G.22 G.32**

### 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 and Brazil emissions regulations focus mainly on environmental protection, while in China the goal is also energy independence.

At the same time, 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 position as an environmental pioneer. 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 2012, the Group introduced in each European market segment high-volume vehicles that are well positioned in terms of carbon emissions.

### CO<sub>2</sub> PERFORMANCE

In 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 2012

	g/km of CO <sub>2</sub>		
Peugeot	107	1.0	99
Peugeot	208	1.4 e-HDi 68	87
Peugeot	208	1.0 VTi 68	99
Peugeot	3008	HYbrid4	88
Peugeot	508	HYbrid4	88
Peugeot	508 RXH	HYbrid4	107
Citroën	C1	1.0i	99
Citroën	C3	1.0i	99
Citroën	C4	1.6 e-HDi	100
Citroën	DS5	HYbrid4	88

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 engines, including 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, more than 44% of vehicles sold in 2012 had emissions of less than 120 g/Km of CO<sub>2</sub>. The Group has continued its efforts to achieve the following targets for 2015:

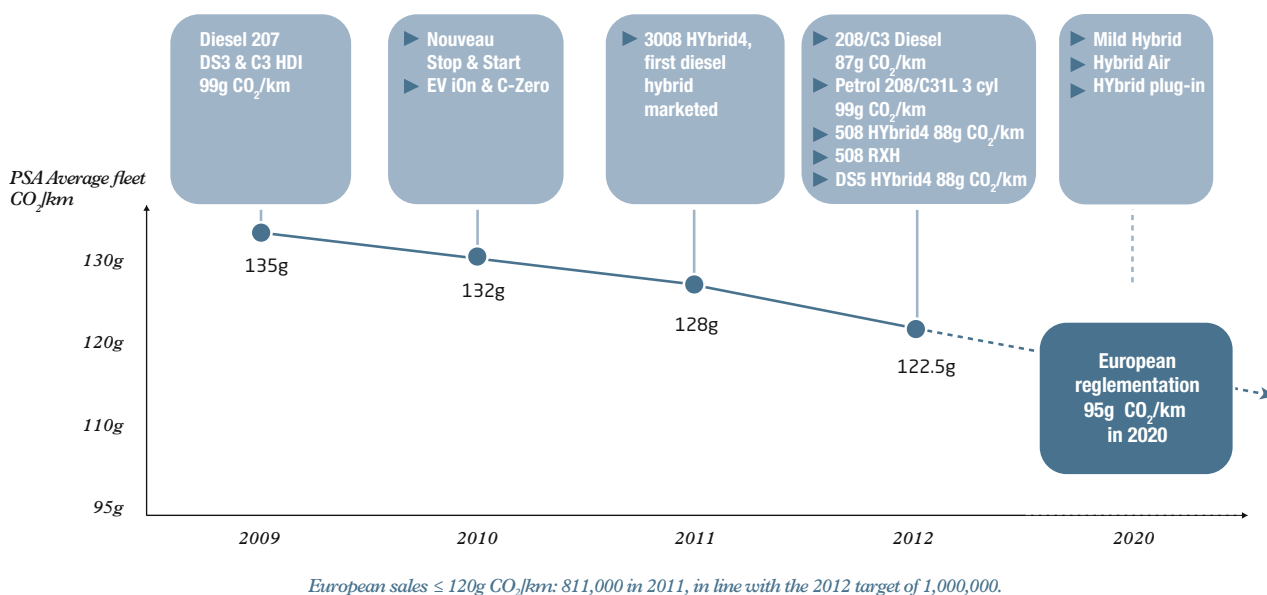
- ▶ 65% of vehicles sold emitting less than 120 g/Km of CO<sub>2</sub>;
- ▶ 25% of vehicles sold emitting less than 100 g/Km of CO<sub>2</sub>.

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. This ambition is compliant with the CAFE rules that come into force in 2017 and which became official policy in Brazil in September 2012.



## REGULATION

In the period between 2010 and 2020, countries around the world are adopting regulatory requirements that set CO<sub>2</sub> emission or fuel consumption targets:

- ▶ these include either regulated emissions targets or fuel efficiency labelling:
  - ▶ CAFE Europe (Corporate Average Fuel Efficiency):
    - average fleet CO<sub>2</sub> 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 of 5 l/100 km in 2020, 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 (being drafted),
  - ▶ Brazilian regulations published in September 2012 and coming into force from 2017;
- ▶ fuel efficiency labelling, as in Brazil, India and South Korea.

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<sub>2</sub> regulations in Europe, for example, set a fine of €95 per vehicle sold for each gram over the set target in 2020, and CO<sub>2</sub> labelling programmes will change buying behaviour by encouraging consumers to buy low-carbon vehicles.

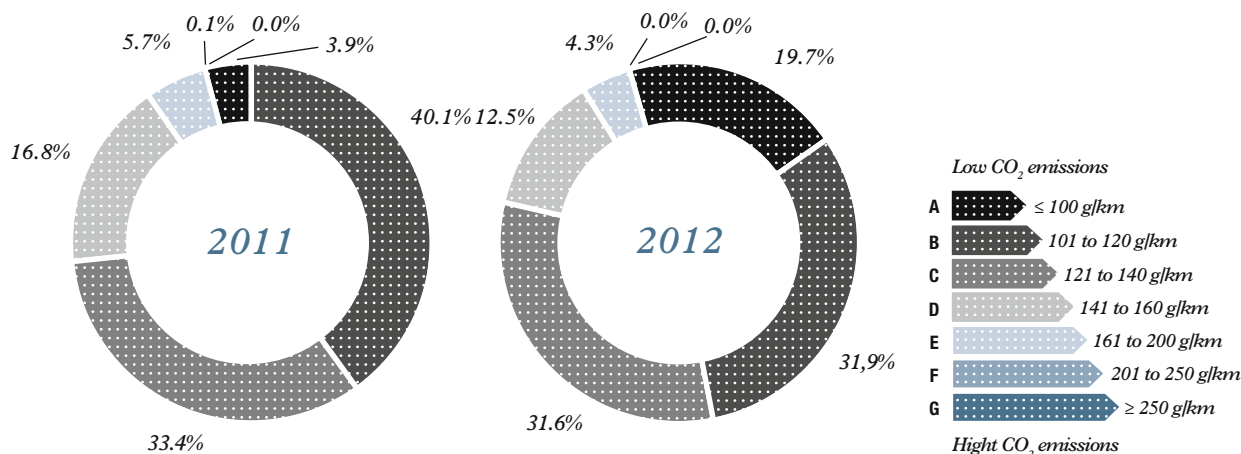
PSA Peugeot Citroën has been actively reducing its vehicles' fuel consumption and carbon emissions for many years now and, as a result, is the European leader in vehicles in the less than 100 g and less than 110 g/km of CO<sub>2</sub> categories (corresponding to fuel consumption of around 4.1 l/100 and 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<sub>2</sub> EMISSIONS LEVEL

#### PSA Peugeot Citroën Registrations by CO<sub>2</sub> Emissions Level

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



In this chart, the CO<sub>2</sub> emissions bands (in g/km) correspond to the ratings on French energy efficiency labels.

In 22-country Europe (*i.e.* the EU except for Greece, Cyprus, Malta, Bulgaria and Romania), PSA Peugeot Citroën vehicles performed as follows:

- ▶ 20% of vehicles sold emitting less than 100 g/km of CO<sub>2</sub> against 3.9% in 2011;
- ▶ 39% of vehicles sold emitting less than 110 g/km of CO<sub>2</sub> against 29% in 2011 and 22% in 2010;
- ▶ 51.5% of vehicles sold emitting less than 120 g/km of CO<sub>2</sub> against 44% in 2011;
- ▶ 83% of vehicles sold emitting less than 140 g/km of CO<sub>2</sub> against 77% in 2011.

Average Group CO<sub>2</sub> emissions in 22-country Europe stood at 122.5 g/km at the end of 2012, versus 127.9 in 2011 and 132.0 g/km

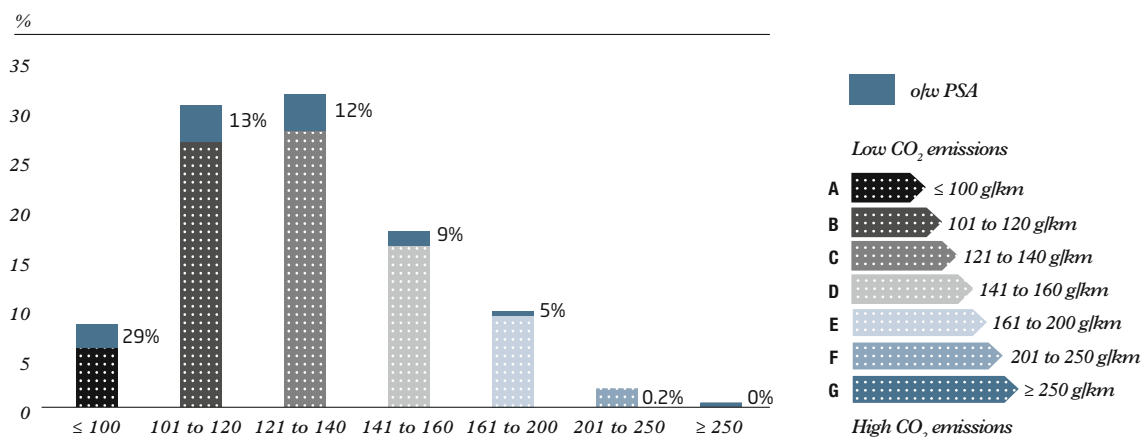
in 2010. PSA Peugeot Citroën is positioned as leader in the 22-country Europe market, where average emissions were 132.8 g/km of CO<sub>2</sub> in 2012.

In 14-country Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Portugal, Spain, Sweden and the United Kingdom) the Group has achieved below market average emissions for more than 10 years: 122.1 g/km of CO<sub>2</sub> in 2012 against a market average of 132.4 g/km of CO<sub>2</sub>, 131.6 g/km of CO<sub>2</sub> in 2010 against a market average of 140.9 g/km of CO<sub>2</sub> and 140.1 g/km of CO<sub>2</sub> in 2008 against a market average of 153.9 g/km of CO<sub>2</sub>.

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<sub>2</sub> Emissions Level

(Passenger car 2012 registrations in the 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<sub>2</sub> emissions in 2012 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2012, a total of 731,000 PSA Peugeot Citroën passenger cars emitting less than 120 g/km of CO<sub>2</sub> were registered in 22-country

Europe. Moreover, the Group is the market leader both in the segment of vehicles emitting less than 100 CO<sub>2</sub> g/km, with a 28.7% share (279,000 PSA Peugeot Citroën passenger vehicles) and the less than 110 CO<sub>2</sub> g/km segment, with a 22.4% share (556,000 PSA Peugeot Citroën passenger vehicles). More than half the Group's new registered vehicles emit less than 120 g/Km of CO<sub>2</sub>.

### 2.2.1.2. VEHICLE CO<sub>2</sub> EMISSIONS AND FUEL CONSUMPTION

The models below were selected on the basis of two criteria: best sales in 22-country Europe and environmental performance. For each one, the table shows data for the petrol, hybrid and diesel versions offering the lowest CO<sub>2</sub> emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in 22-country Europe.

In some cases, the best selling models are also the most fuel efficient.

#### PEUGEOT (EUROPE 22) 2012

Model		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO <sub>2</sub>
			cm <sup>3</sup>	kW	City	Highway	Combined	g/km
<b>Peugeot iOn</b>		<b>Electric</b>	-	<b>47</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Peugeot 107</b>	<b>1.0 68 hp</b>	<b>Petrol</b>	<b>998</b>	<b>50</b>	<b>5.1</b>	<b>3.8</b>	<b>4.3</b>	<b>99</b>
<b>Peugeot 206+</b>	1.1	Petrol	1,124	44	7.8	4.6	5.8	133
	<b>1.4 75</b>	<b>Petrol</b>	<b>1,360</b>	<b>54</b>	<b>8.2</b>	<b>4.7</b>	<b>6.0</b>	<b>139</b>
	<b>1.4 HDi 70</b>	<b>Diesel</b>	<b>1,398</b>	<b>50</b>	<b>4.9</b>	<b>3.5</b>	<b>4.0</b>	<b>104</b>
<b>Peugeot 207</b>	1.4 VTi 95	Petrol	1,397	70	7.6	4.8	5.8	135
	<b>1.4 75</b>	<b>Petrol</b>	<b>1,360</b>	<b>54</b>	<b>8.6</b>	<b>4.9</b>	<b>6.3</b>	<b>145</b>
	1.6 HDi	Diesel	1,560	66	4.6	3.3	3.8	98
	<b>1.6 HDi 92</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>5.2</b>	<b>3.5</b>	<b>4.2</b>	<b>110</b>
<b>Peugeot 208</b>	1.0 VTi 68 ch	Petrol	999	50	5.2	3.7	4.3	99
	<b>1.2 80 hp</b>	<b>Petrol</b>	<b>1,199</b>	<b>60</b>	<b>5.6</b>	<b>3.9</b>	<b>4.5</b>	<b>104</b>
	1.6 e-HDi 68	Diesel	1,398	50	3.6	3.2	3.4	87
	<b>1.6 e-HDi 70</b>	<b>Diesel</b>	<b>1,398</b>	<b>50</b>	<b>4.4</b>	<b>3.4</b>	<b>3.8</b>	<b>98</b>
<b>Peugeot 301</b>	1.2 72 hp	Petrol	1,199	53	6.9	4.2	5.2	119
	<b>1.6 115 hp</b>	<b>Petrol</b>	<b>1,587</b>	<b>85</b>	<b>8.8</b>	<b>5.3</b>	<b>6.5</b>	<b>151</b>
	<b>1.6 HDi 92</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>4.8</b>	<b>3.7</b>	<b>4.1</b>	<b>108</b>
<b>Peugeot 308</b>	1.4 VTi 98	Petrol	1,397	72	7.9	4.9	6.0	139
	<b>1.6 VTi 120</b>	<b>Petrol</b>	<b>1,598</b>	<b>88</b>	<b>9.1</b>	<b>4.9</b>	<b>6.4</b>	<b>147</b>
	1.6 e-HDi 112	Diesel	1,560	82	4.4	3.7	4.0	98
	<b>1.6 HDi 112</b>	<b>Diesel</b>	<b>1,560</b>	<b>82</b>	<b>4.9</b>	<b>3.8</b>	<b>4.2</b>	<b>110</b>
<b>Peugeot 3008</b>	1.6 VTi 120	Petrol	1,598	88	9.2	5.3	6.7	155
	<b>1.6 VTi 120</b>	<b>Petrol</b>	<b>1,598</b>	<b>88</b>	<b>9.4</b>	<b>5.5</b>	<b>6.9</b>	<b>159</b>
	1.6 e-HDi 112	Diesel	1,560	82	5.0	4.2	4.5	117
	<b>1.6 HDi 112</b>	<b>Diesel</b>	<b>1,560</b>	<b>82</b>	<b>6.3</b>	<b>4.2</b>	<b>5.0</b>	<b>130</b>
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.1	3.6	3.4	88
	<b>HYbrid4</b>	<b>Diesel hybrid Electric</b>	<b>1,997</b>	<b>120/147</b>	<b>5.6</b>	<b>3.9</b>	<b>4.0</b>	<b>104</b>
<b>Peugeot 5008</b>	<b>1.6 VTi 120</b>	<b>Petrol</b>	<b>1,598</b>	<b>88</b>	<b>9.4</b>	<b>5.5</b>	<b>6.9</b>	<b>159</b>
	1.6 e-HDi 112	Diesel	1,560	82	4.9	4.1	4.4	114
	<b>1.6 HDi 112</b>	<b>Diesel</b>	<b>1,560</b>	<b>82</b>	<b>6.2</b>	<b>4.6</b>	<b>5.2</b>	<b>135</b>



Model		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO <sub>2</sub>
			cm <sup>3</sup>	kW	City	Highway	Combined	g/km
Peugeot 508	1.6 VTi 120	Petrol	1,598	88	9.0	4.7	6.2	144
	<b>1.6 THP 156</b>	<b>Petrol</b>	<b>1,598</b>	<b>115</b>	<b>9.1</b>	<b>4.8</b>	<b>7.3</b>	<b>145</b>
	2.0 e-HDi 140	Diesel	1,997	103	6.2	3.7	4.6	119
	<b>2.0 HDi 140</b>	<b>Diesel</b>	<b>1,997</b>	<b>103</b>	<b>6.4</b>	<b>3.9</b>	<b>4.8</b>	<b>125</b>
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.2	3.5	3.4	88
	<b>HYbrid4</b>	<b>Diesel hybrid Electric</b>	<b>1,997</b>	<b>120/147</b>	<b>3.2</b>	<b>3.6</b>	<b>3.5</b>	<b>91</b>
Peugeot 508RXH	HYbrid4	Diesel hybrid Electric	1,997	120/147	4.0	4.2	4.1	107
Peugeot 4008	1.6 HDi 115	Diesel	1,560	84	5.6	4.5	4.9	129
	<b>1.8 HDi 150</b>	<b>Diesel</b>	<b>1,798</b>	<b>110</b>	<b>6.8</b>	<b>4.9</b>	<b>5.6</b>	<b>147</b>
Peugeot 807	<b>2.0 HDi 136</b>	<b>Diesel</b>	<b>1,997</b>	<b>100</b>	<b>7.4</b>	<b>5.0</b>	<b>5.9</b>	<b>155</b>
Peugeot Bipper Tepee	1.4 75	Petrol	1,360	54	8.2	5.6	6.6	152
	1.3 HDi 75	Diesel	1,248	55	4.8	3.7	4.1	107
Peugeot Partner Tepee	1.6 VTi 98	Petrol	1,598	72	9.2	5.3	6.7	155
	<b>1.6 VTi 120</b>	<b>Petrol</b>	<b>1,598</b>	<b>88</b>	<b>9.6</b>	<b>6.0</b>	<b>7.3</b>	<b>169</b>
	1.6 e-HDi 92	Diesel	1,560	68	5.0	4.4	4.6	120
	<b>1.6 HDi 92</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>6.2</b>	<b>4.8</b>	<b>5.3</b>	<b>139</b>
Peugeot Expert Tepee	<b>2.0 HDi 128</b>	<b>Diesel</b>	<b>1,997</b>	<b>94</b>	<b>7.6</b>	<b>6.0</b>	<b>6.6</b>	<b>172</b>
Peugeot RCZ	<b>1.6 THP 156</b>	<b>Petrol</b>	<b>1,598</b>	<b>115</b>	<b>8.9</b>	<b>5.1</b>	<b>6.4</b>	<b>149</b>
	<b>2.0 HDi 163</b>	<b>Diesel</b>	<b>1,997</b>	<b>120</b>	<b>6.8</b>	<b>4.5</b>	<b>5.3</b>	<b>139</b>

CITROËN (EUROPE 22) 2012

Model		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO <sub>2</sub>
			cm <sup>3</sup>	kW	City	Highway	Combined	g/km
Citroën C-Zero		Electric	-	47	0	0	0	0
Citroën C1	1.0i	Petrol	998	50	5.1	3.8	4.3	99
Citroën C3	VTi 68	Petrol	999	50	5.1	3.8	4.3	99
	1.1i	Petrol	1,124	44	7.9	4.9	5.9	137
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87
	<b>HDi 68</b>	<b>Diesel</b>	<b>1,398</b>	<b>50</b>	<b>4.5</b>	<b>3.4</b>	<b>3.8</b>	<b>99</b>
Citroën DS3	VTi 82	Petrol	1,199	60	5.5	3.9	4.5	104
	<b>VTi 120</b>	<b>Petrol</b>	<b>1,598</b>	<b>88</b>	<b>7.9</b>	<b>4.8</b>	<b>5.9</b>	<b>136</b>
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87
	<b>e-HDi 90</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>4.4</b>	<b>3.3</b>	<b>3.7</b>	<b>98</b>
Citroën C3 Picasso	<b>VTi 95</b>	<b>Petrol</b>	<b>1,397</b>	<b>70</b>	<b>8.4</b>	<b>5.1</b>	<b>6.3</b>	<b>145</b>
	e-HDi 90	Diesel	1,560	68	4.7	3.8	4.2	109
	<b>e-HDi 90</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>5.5</b>	<b>4.0</b>	<b>4.6</b>	<b>119</b>
Citroën C-Elysée	1,2i	Petrol	1,199	53	6.9	4.2	5.2	119
	<b>1,6i 115</b>	<b>Petrol</b>	<b>1,587</b>	<b>85</b>	<b>10.0</b>	<b>5.5</b>	<b>7.1</b>	<b>164</b>
	<b>HDi 90</b>	<b>Diesel</b>	<b>1,560</b>	<b>68</b>	<b>4.8</b>	<b>3.7</b>	<b>4.1</b>	<b>108</b>

	Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO <sub>2</sub>
Model				City	Highway	Combined	
		cm3	kW				g/km
Citroën NemoCombi	1.4i	Petrol	1,360	54	8.2	5.6	6.6
	HDi 75	Diesel	1,248	55	4.9	3.6	4.1
	HDi 75	Diesel	1,248	55	5.0	3.8	4.2
Citroën Berlingo	VTi 95	Petrol	1,598	72	9.2	5.3	6.7
	VTi 95	Petrol	1,598	72	9.6	5.7	7.1
	e-HDi 90	Diesel	1,560	68	5.0	4.4	4.6
	HDi 90	Diesel	1,560	68	6.2	4.8	5.3
Citroën C4	VTi 95	Petrol	1,397	70	8.2	4.9	6.1
	VTi 120	Petrol	1,598	70	8.8	4.7	6.2
	e-HDi 110	Diesel	1,560	68	4.2	3.5	3.8
	HDi 110	Diesel	1,560	68	5.2	3.6	4.2
Citroën DS4	VTi 120	Petrol	1,598	88	8.3	5.0	6.2
	e-HDi 110	Diesel	1,560	82	4.6	4.0	4.2
	e-HDi 110	Diesel	1,560	82	5.4	4.0	4.5
Citroën C4 Picasso	THP 155 BVA	Petrol	1,598	115	8.8	5.4	6.7
	VTi 120	Petrol	1,598	88	9.3	5.4	6.9
	e-HDi 110	Diesel	1,560	82	5.0	4.4	4.6
	HDi 110	Diesel	1,560	82	6.1	4.5	5.1
Citroën C4 Aircross	1.6i BVM 4X2	Petrol	1,590	110	7.4	4.9	5.8
	HDi 115	Diesel	1,560	84	5.3	4.2	4.6
Citroën C5	VTi 120 BMP6	Petrol	1,598	88	8.3	5.0	6.2
	THP 155 BVA	Petrol	1,598	110	10.5	5.6	7.3
	e-HDi 115	Diesel	1,560	84	5.2	4.1	4.5
	HDi 110	Diesel	1,560	82	6.0	4.4	5.0
Citroën DS5	THP 200	Petrol	1,598	147	8.9	5.5	6.7
	e-HDi 110	Diesel	1,560	82	4.8	4.2	4.4
	HDi 160	Diesel	1,997	120	6.4	4.4	5.1
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.1	3.6	3.4
	HYbrid4	Diesel hybrid Electric	1,997	120/147	4.2	4.0	4.1
	V6 HDi 240 FAP	Diesel	2,992	176	10.0	5.8	7.3
Citroën C6							
Citroën C8	HDi 135	Diesel	1,997	88	7.4	5.0	5.9
Citroën C-Crosser	HDi 160	Diesel	2,179	115	8.6	5.6	6.7
	HDi 160 DCS	Diesel	2,179	115	8.8	5.8	6.9

In tests by an independent organisation, CO<sub>2</sub> 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.

### 2.2.1.3. PETROL AND DIESEL ENGINES

G.22 G.29 G.32

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, actuators, accessories, permeability, etc.);
- ▶ optimising combustion technology.

High-performance technical solutions for internal combustion engines are available on PSA Peugeot Citroën vehicles, particularly the 2012 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<sub>2</sub> emissions.

These benefits have made the HDi one of the best selling engines in 18-country Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Norway, the Netherlands, Portugal, Spain, Sweden, Switzerland, the UK), where diesels represented nearly 59.5% of passenger car and utility vehicle unit sales in 2012. Equipped with particulate filters since 2000, HDi engines are constantly being optimised to deliver greater driving comfort and enhanced emissions-control systems. In 2012, PSA Peugeot Citroën produced a total of 1,435 million HDi engines and has turned out 18.9 million since 1998. Of these, 6.5 million are already equipped with additive particulate filters, invented by the Group and made mandatory by the Euro 5 standard which came into force on 1 January 2011. The particulate filter is a mechanical system that captures particulates under all motoring conditions (hot or cold engine, in town, on the highway, on the motorway, sitting in traffic, etc.). The particulate filter developed by PSA Peugeot Citroën catches more than 99.9% of all particulates of any size (including ultrafine, less than 100 nm).

Efforts in 2012 concentrated on the 1.6 HDi 92 and 115 hp diesel engines, made on-site at the Trémery-en-Moselle factory in France.

The Group installed new technologies in these engines to cut fuel consumption and CO<sub>2</sub> emissions by around 6%:

- ▶ a new variable speed oil pump, which allows demands on the engine to be cut to the strict minimum necessary;
- ▶ new low viscosity engine and gearbox oils to reduce friction wear;
- ▶ new generation crankshaft seals, which reduce the clamping force required and hence friction;
- ▶ redesigned alternator belt pulley to reduce tension on the belt;
- ▶ low friction vacuum pump to avoid energy loss.

Many Peugeot and Citroën models, such as the Citroën C4 Picasso, C3 and Peugeot 208, which use the 1.6 HDi engine have benefited from these advances since mid-2012.

Combined with HYbrid4 technology – a world first – PSA Peugeot Citroën's 2.0-litre diesel engine has enabled the Peugeot 3008 HYbrid4 and 508 HYbrid4 and the Citroën DS5 HYbrid4 to achieve breakthrough performance: 88 g/Km of CO<sub>2</sub> emissions for combined power (internal combustion and electric powertrains) of 200 hp. Launched in late 2012.

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 2012, 96.4% of utility vehicles in 18-country Europe were diesel-powered.

The emissions-control technology PSA Peugeot Citroën is developing for the Euro 6 standard, 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 10 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 and Brazil.

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, four-cylinder petrol engines developed jointly with BMW, which deliver a 10 to 15% reduction in CO<sub>2</sub> emissions compared with their predecessors. By the end of 2012, 3,048,000 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.

The Group also launched a new family of 1-litre and 1.2-litre, three-cylinder petrol engines in 2012.

This new family:

- ▶ reduces 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<sub>2</sub>;
- ▶ covers a wide range of power – between 50 kW and 100 kW – depending on the version;
- ▶ is available in versions that meet the future Euro 6 standard from their launch.

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<sub>2</sub> 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 with the goal of:

- ▶ meeting the need to reduce carbon emissions throughout the line-up;
- ▶ complying with future regulatory requirements in all regions;
- ▶ integrating specific requirements for fast-growing non-European markets and providing them with clean, high-tech engines that appeal to consumers;
- ▶ enabling a shift toward hybrid solutions.

## GEARBOX DEVELOPMENTS

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

- ▶ transmission efficiency, for both manual and automatic gearboxes;
- ▶ adapting the power train (*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 recommended gear indicator 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 at an affordable price.

In automatic gearboxes, efforts in 2012 continued to focus on adapting a new generation of AT6 III and AM6 III transmissions and on improving their efficiency to reduce powertrain consumption by around 15%.

## SALES OF PETROL AND DIESEL VEHICLES BY REGION AND TYPE OF FUEL

### PSA PEUGEOT CITROËN CONSOLIDATED GLOBAL SALES, BY REGION AND TYPE OF FUEL

Fuel	Year	Europe*	Asia	Latin America	Other	Total
<b>Petrol (and GPL)</b>	<b>2012</b>	<b>477,689</b>	<b>460,929</b>	<b>228,826</b>	<b>294,072</b>	<b>1,461,516</b>
	2011	575,681	421,461	245,599	589,729	1,832,470
	2010	695,281	391,210	257,409	581,367	1,925,267
<b>Diesel</b>	<b>2012</b>	<b>1,248,283</b>	<b>3,885</b>	<b>54,032</b>	<b>164,775</b>	<b>1,470,975</b>
	2011	1,481,758	3,290	80,174	145,782	1,711,004
	2010	1,503,678	2,136	36,902	133,987	1,676,703
<b>Hybride-diesel</b>	<b>2012</b>	<b>25,581</b>	<b>1</b>	<b>-</b>	<b>217</b>	<b>25,799</b>
	2011	1,081	-	-	-	1,081
	2010	-	-	-	-	-
<b>Electric</b>	<b>2012</b>	<b>6,620</b>				<b>6,620</b>
	2011	4,858			3	4,861
	2010	193				193

\* Europe includes Europe 30, the Balkans and vehicles in temporary transit

### 2.2.1.4. ALTERNATIVE FUELS

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Another way to reduce a vehicle's carbon footprint is to use other fuels 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<sub>4</sub>), is also among the energies used by PSA Peugeot Citroën in markets where the gas represents a plausible alternative to petrol, such as Argentina and China. These are markets where local conditions are favourable to its development (secure CNG supply, political commitment to set up a distribution network and tax incentives), such as in Argentina and the Middle East. Using CNG also helps to reduce tank-to-wheel carbon emissions by 20% compared with conventional petrol fuels.

#### ETHANOL AND FLEX-FUEL VEHICLES

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

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

PSA Peugeot Citroën has also developed flex-fuel engines that can run on ethanol/petrol blends of up to 85% ethanol in Europe (E85) 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<sub>2</sub> emissions through the use of ethanol.

The Group sold 102,000 flex-fuel vehicles in 2012 (150,000 in 2011) in Latin America.

#### 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 that run on local fuels made from vegetable sources, to promote diesel engines for individual motoring.

PSA Peugeot Citroën is also helping to create an advanced laboratory with the Pontifical Catholic University of Rio de Janeiro (PUC) and more recently launched a partnership with Petrobras, the energy company, to reduce carbon emissions by optimising combustion of local biofuels. Finally, the Group has signed up to partner FAPESP, a São Paulo government organisation, in creating a network for research into engines and biofuels to run for 10 years.

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. For instance, the Shamash project, which aims to produce a lipid biofuel from microalgae supplied by Alpha Biotech.

A biofuel chair was created at the end of 2012 by IFP School (*Institut Français du Pétrole*), the Tuck Foundation and PSA Peugeot Citroën. For a period of three years, this chair is structured around teaching and research activities aiming to expand knowledge on the impact of the use of biofuels in cars.

### 2.2.1.5. DEPLOYING MICRO-HYBRID, HYBRID AND ELECTRIC VEHICLES

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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<sub>2</sub> emissions. PSA Peugeot Citroën's introduction of Stop & Start solutions, hybrids and zero-emission vehicles, should consolidate its position in the European low-carbon vehicle segment and extend its expertise to other markets.



## STOP & START AND E-HDI TECHNOLOGIES

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 improves power management. Introduced in the second half of 2010 on the Citroën C5, the technology continued to be deployed throughout 2012 and will be progressively rolled out through the range in 2013. The objective is to sell a total of one million vehicles equipped with Stop & Start and e-HDi by the end of 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

**HYbrid4:** PSA Peugeot Citroën's HYbrid4 diesel hybrid technology represents a major breakthrough in terms of fuel efficiency and CO<sub>2</sub> 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<sub>2</sub>. 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 hybrids on the market, the Peugeot 3008 HYbrid4, 508 RXH and 508 HYbrid4 and the Citroën DS5 HYbrid4 have been equipped with this technology since early 2012.

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

**HYbrid Eco:** PSA Peugeot Citroën is also developing a hybridisation solution for the mass market. This technology is designed for category B, C and D petrol and diesel vehicles and should permit savings of 15 g/Km of CO<sub>2</sub> and up to 15% fuel efficiency.

**Hybrid Air:** The Group also unveiled in January 2013 a new type of full-hybrid powertrain: Hybrid Air. An innovative breakout technology that combines petrol and compressed air, it represents a big step towards the 2 l/100 km vehicle.

## 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.

Through its subsidised research project, the HYDOLE – mostly electric hybrid – builds on the success of HYbrid4 and adds a Li-Ion battery developed by PSA Peugeot Citroën as well as a more powerful electric motor.

With a range of 60 km under electric power, HYDOLE demonstrators can handle most daily trips noiselessly and emission free. In hybrid mode, they also meet the need for longer range travel. HYDOLE combines a small internal combustion engine with a 50 kW electric motor and a battery that allows a 60 km range without recharging. It prioritises electrical power, which is emission-free and silent, as long as the battery has charge. The internal combustion engine only kicks in if the vehicle needs to draw more than 50 kW. Once the battery is empty, the vehicle becomes a classic full hybrid. There are plans for a ZEV (Zero Emission Vehicle) button. When pressed, HYDOLE would behave completely like a full-electric vehicle, including running in tortoise mode when the battery is low. Unlike an electric vehicle, however, when the battery is empty the driver need only switch out of ZEV mode to turn it back into a full hybrid. It is even possible to save the electrical charge for later by programming in a reserve of 5 to 50 km.

The project, subsidised by ADEME under its funding of research demonstrators for low-carbon energies, ended at the end of 2012. Lessons learned will feed back into R&D work on rechargeable hybrids to optimise the size of motors and batteries.

Over the longer term, the Group is studying possible applications of technologies that can significantly reduce CO<sub>2</sub> emissions, such as the development of very affordable hybrid solutions to make low-emission cars available to the great majority of customers.

## ELECTRIC VEHICLES

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 6,700 electric vehicles in Europe during 2012, including 6,123 in the Europe 18 countries, making it the market leader with a share of over 34%.

Car-sharing services involving a significant number of EVs were introduced and favourably received. PSA Peugeot Citroën was involved in launching these services in the French cities of Nice and La Rochelle.

At its Innovation Day in January 2013, PSA Peugeot Citroën presented its light city electric vehicle, the VêLV. Because 60% of city trips are made in an individual vehicle, leading to heavy CO<sub>2</sub> emissions, the VêLV, a light electric vehicle project, seeks to meet the need for urban and suburban motoring with record low electricity consumption of just 85 Wh/km.

## FUEL CELL VEHICLES

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

Having built seven demonstrators, the Group continues to monitor and partner fundamental research, including support for projects with the National Research Association and dissertations.

At the moment, fuel cells 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 2025.

Although considerable progress has been made, hydrogen fuel cell technology has yet to overcome a number of obstacles, including the cost of the fuel cell system, the lack of infrastructure for mass market distribution of hydrogen, the well-to-wheel energy and CO<sub>2</sub> footprint, the fuel cell's lifespan, and the size, mass and cost of the hydrogen storage system.

### 2.2.1.6. OPTIMISING VEHICLE ARCHITECTURE AND EQUIPMENT G.22 G.29 G.32

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<sub>2</sub> 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.

In terms of fuel consumption and CO<sub>2</sub> 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<sub>2</sub> 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 2012, 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.

In January 2013, the Group presented its new global platform: Efficient Modular Platform 2 or EMP2. This new generation platform provides effective solutions in terms of modularity, equipment and carbon reduction (by reducing vehicle mass).

## 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, energy recovery (mainly *via* regenerative braking) and storage, 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.

## 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<sub>2</sub>, 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 2012, 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<sup>2</sup> reduces CO<sub>2</sub> 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 **G.22 G.24 G.41**

### 2.2.2.1. REDUCING VEHICLE EXHAUST EMISSIONS

PSA Peugeot Citroën identified the need to deal with particulate pollution from the late 1990s and introduced a new generation of HDI engines onto the market, which have cut particulate emissions by 60% on the previous generation (to 100 mg/km from the new HDI engines, 250 mg in earlier versions).

To solve the problem once and for all, the Group invented the particulate filter, available since 2000 and deployed significantly since 2007.

The particulate filter filters particles of all sizes (fine and ultrafine) extremely efficiently (>99.9% in number, >99% in mass).

The full Peugeot and Citroën diesel range has been equipped with particulate filters since 2010 – they have been mandatory for all vehicles sold since the Euro 5 all types standard came into force in January 2011.

PSA Peugeot Citroën has adopted a particulate filter with additive solution, the best option for efficiency and regeneration. This solution includes an additive reservoir, a ceramic filter and sensors. The additive is introduced automatically in the fuel (without the driver

needing to do anything). It is based on iron which is wholly captured by the filter and brings down the combustion temperature for soot by a hundred degrees, allowing faster regeneration under all conditions of vehicle use (town or motorway driving, etc.) unlike catalytic filters.

The particulate filter removes particles in all driving conditions. It is a mechanical system which operates effectively in all phases of engine function – load/temperature, hot/cold, motorway/town driving – even when the filter is full.

The technology for the particulate filter with additive developed by PSA Peugeot Citroën reduces the fraction of NO<sub>2</sub> in the NO<sub>x</sub>, unlike the catalytic filters used by the competition.

In France, almost 2.5 million diesel Peugeot and Citroën vehicles are equipped with particulate filters of the 16,500,000 passenger cars on the road.

Particle emissions have gone from more than 3,500,000 particles in number per cm<sup>3</sup> on an unfiltered diesel engine to 3,500 particles per cm<sup>3</sup> on a diesel engine with a particulate filter.

This type of diesel engine therefore emits fewer particles than the cleanest petrol engine.



## 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<sub>x</sub> 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<sub>x</sub> 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 <sub>x</sub>	0.08	0.06	0.06	0.25	0.18	0.08
THC+NO <sub>x</sub>	-	-	-	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 <sup>12</sup> part/km <sup>(1)</sup> 6X10 <sup>11</sup> part/km <sup>(2)</sup>	-	6X10 <sup>11</sup> part/km <sup>(3)</sup>	6X10 <sup>11</sup> 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<sub>4</sub>) – CO: Carbon monoxide – NO<sub>x</sub>: 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 <sub>1</sub> (g/km)	Hydrocarbon (HC) mass L <sub>2</sub> (g/km)
M	-	15	1.8
N <sub>1</sub>	I	15	1.8
	II	24	2.7
	III	30	3.2
N <sub>2</sub>		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<sub>x</sub> 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<sub>x</sub> requirement could be applied to petrol applications, if warranted. Low temperature NO<sub>2</sub> 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 in a world first for the Group, the FAP particulate filter has set the new standard for European diesels. In its Euro 5 standards, the European Commission backed by its member states stipulated that all diesel vehicles must be equipped with particulate filters. 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 more than 6.5 million DPF-equipped diesel vehicles by the end of 2012. The particulate filter screens out all fine and ultrafine particles very effectively (more than 99.9% by particle number, more than 99% by mass).

The full Peugeot and Citroën diesel range has been equipped with particulate filters since 2010 – it has been mandatory for all vehicles since the Euro 5 standard came into force for all vehicle types in January 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, 4008, 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.

PSA Peugeot Citroën adopted a particulate filter with additive solution, the best option for efficiency and regeneration. This solution includes an additive reservoir, a ceramic filter and sensors. The additive is introduced automatically in the fuel (without the driver needing to do anything). It is based on iron which is wholly captured by the filter and brings down the combustion temperature for soot by a hundred degrees, allowing faster regeneration under all conditions of vehicle use (town or motorway driving, etc.) unlike catalytic filters.

The particulate filter removes particles in all driving conditions. It is a mechanical system which operates effectively in all phases of engine function – load/temperature, hot/cold, motorway/town driving – even when the filter is full.

In 2012, vehicles equipped with particulate filters accounted for more than 78% of total Group diesel vehicle sales worldwide, compared with 65% in 2011, 47% in 2010 and 37% in 2009.

### REDUCING NO<sub>x</sub> 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, identified by the “Blue Hdi” label.

This new after-treatment technology, which substantially reduces nitrogen oxide (NO<sub>x</sub>) emissions, is based on abating NO<sub>x</sub> 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<sub>2</sub> emissions.

## 2.2.3. “FROM CRADLE TO CRADLE”: RESOURCE MANAGEMENT AND RECYCLING

### 2.2.3.1. USE OF MATERIALS G.28

In its commitment to optimising the use of natural 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. The steel used already contains a large amount of steel from recycled sources.

For the Group, green materials include three families of materials: recycled plastics, natural materials (wood, vegetable fibres, etc.) and biomaterials (made from renewable feedstocks rather than the petrochemical industry production chain). 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 which has increased the proportion of green materials, by weight, in the total polymers of the 208 (excluding tyres) to 25% in 2012, from an average 6% in 2007.

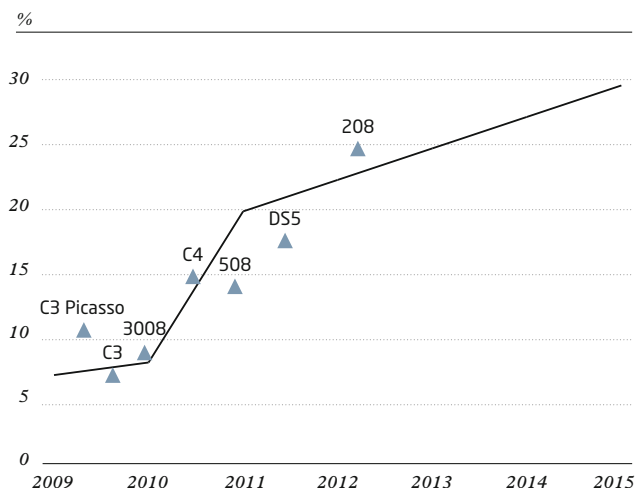
The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle projects. In 2012, this portfolio was expanded to include four new families of green materials, representing 36% of all certified families of green materials.

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. The Group is also 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.

Finally, PSA Peugeot Citroën is partnering the new BIOMass/Miscanthus project alongside Faurecia and the National Institute for Agronomy Research (INRA).

## 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. They 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 fibreglass 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 G.24 G.41

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

Regulatory requirements are factored into all phases of vehicle life, from design and manufacture to use and end-of-life recycling, in close collaboration with suppliers. They focus on two major issues:

- ▶ 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 guidelines on REACH ([http://www.acea.be/news/news\\_detail/reach\\_guideline/](http://www.acea.be/news/news_detail/reach_guideline/)), which it helped to draft 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 and anticipating the prohibitions in Appendix XIV by working as far upstream as it can in the new material research and innovation phase.

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

6.25

#### 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, starting with the innovation phases, with particular attention to 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 the European ABattReLife project, launched in May 2012 with the following partners: Germany's Bayerische Motoren Werke 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' Nederlandse Organisatie voor Toegepast Natuurwetenschappelijk Onderzoek 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 recyclers to ensure that these end-of-life products are processed using appropriate, effective recycling technologies;
- ▶ **designing-in vehicle emissions control requirements.** Decontamination, or pre-treatment, 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 dismantling 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 scrapyards 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 recovery: reuse of parts, recycling of materials and energy recovery. It 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. Beyond this, 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 now creates an economically viable business in a raw materials market increasingly shaped by price fluctuations.

In France, to ensure full ELV traceability and guarantee that overall 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 (500 at year-end 2012) that collect end-of-life vehicles, deregister and decontaminate them and then dismantle them to resell parts for reuse.

This strategy led to the collection between 2009 and 2012 of more than 680,000 vehicles sold through the Peugeot and Citroën networks.

PSA Peugeot Citroën's performance in overall recovery of end-of-life vehicles through its network is better than the national average and compliant with European regulations:

- ▶ PSA Peugeot Citroën performance in 2011 = 88.9% of which 82% reused or recycled;
- ▶ national average in 2011 = 81.9% of which 79% reused or recycled (ADEME figures).

This strategy also creates opportunities for developing new materials 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% recyclability of recovered ELVs by 2015 on favourable economic terms.

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

1. the on-going integration of green materials in new vehicle design programmes;
2. identifying industrial partners that can help it meet its objectives: complying with regulations and with ELV pick-up and incentivising payment schedules in dealership networks, achieving an overall 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 Group has made the right strategic choices and this model may now be extended to the major countries in Europe.

In European markets the Group, *via* its subsidiaries, checks that local partners can meet the recycling demands of the European Directive. All contracts agreed by subsidiaries are continuously monitored so that any shortcomings can be corrected immediately. Outside Europe, the Group is leading the search for local partners who can meet national regulations, as it did in Russia for instance in 2012.

## 2.3. MOBILITY SOLUTIONS G.32

In addition to such traditional services as maintenance, financing and insurance, PSA Peugeot Citroën is developing services that promote a new vision of mobility.

### 2.3.1. MOBILITY SERVICES AND ONBOARD INTELLIGENCE

#### 2.3.1.1. MOBILITY SERVICES

##### MU BY PEUGEOT

Mu by Peugeot is a new generation service allowing people to rent mobility, introduced in 2010. This innovative offering allows anyone to access an array of mobility services online or *via* a smartphone app. They can rent the right Peugeot product or accessory to suit their immediate mobility needs, be it a bicycle, scooter, car, light

utility vehicle, replacement car or scooter, GPS device or a roof box. The offer also covers hire of an electric bicycle, the Peugeot e-vivacity electric scooter and a Peugeot iOn or Hybrid.

Currently available at more than 90 sites in seven European countries, Mu by Peugeot will continue to be rolled out at a rate of over 100 new sites each year.

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



## PEUGEOT FOR COMPANIES

Since 2011, Peugeot has been offering companies a four-strand solution to best manage the work travel of their employees:

### ► Mobility audits

In 2011, Peugeot began offering mobility audits 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;

### ► Eco-consulting

Eco-consulting means analysing a company's carbon footprint by assessing the CO<sub>2</sub> emissions of its vehicle fleet;

### ► Eco-driving training

This is on-road training on driving behaviour, with data from vehicles fed through to an online platform for analysis. By improving behaviour behind the wheel, this training helps reduce the environmental impact of vehicle journeys, lowering CO<sub>2</sub> emissions and fuel consumption, as well as improving road safety;

### ► PEUGEOT Connect Fleet

This offering allows companies to track their fuel consumption and emissions over time *via* periodic data uploads from vehicles equipped with a telematics box.

### ► innovative services to meet new mobility patterns:

- rentals between individuals, available since June 2012. The vehicle-owner can make money by hiring out their vehicle on the days they don't need it and the hirer gets a flexible solution to their occasional need for a vehicle,
- car sharing, a sociable way to pass a trip while saving fuel and CO<sub>2</sub> emissions,
- 100% electric car-sharing in Berlin: "Citroën Multicity car-sharing Berlin", launched on 30 September 2012 by Citroën Multicity Germany, allows users to share rented C-Zero electric vehicles in Berlin. This is a self-service, flexible (one-way), 100% electric service with no reservation required;

### ► a new mode of auto access: an innovative special offer where users can have a long 23-month lease on a C-Zero electric vehicle and hire it out to others through the Citroën Multicity scheme, creating a hybrid combination of a private and public transport vehicle. Through this scheme, more than 1,000 people have become ambassadors for the electric vehicle;

### ► a new relationship with customers: a specific website for Citroën Multicity: [www.multicity.citroen.fr](http://www.multicity.citroen.fr) a specific website for Citroën owners that features an array of dedicated products and services to help them use their cars more effectively. They can for example, download GPS maps for an onboard navigation system, subscribe to a services contract or download information on road hazards.

It also supports Citroën customers, with the brand warranty, in exploring new forms of mobility (rental between individuals, car-pooling, etc.).

## CITROËN MULTICITY

With the new Citroën Multicity mobility offering, launched in March 2011 in France and May 2012 in Germany, the brand has a solution – available to everyone without subscription – that has positioned auto maker Citroën as a travel facilitator. Citroën Multicity is an innovative service that saves time and makes travel easy, thanks to:

- a dedicated online journey planner. The itinerary engine researches and compares all possible travel solutions based on the criteria input. The resulting door-to-door multi-modal itineraries offer customised responses showing cost, time and CO<sub>2</sub> emissions for each proposed trip. All modes of transport are considered, whether individual (cars, taxis, etc.) or collective (buses, trams, subways, planes, etc.). Citroën Multicity offers customers a range of itineraries, all modes of transport, all timetables, all prices and a direct transport reservation service from a single site;
- a service for reserving plane tickets, car hire in some cities, 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;

### 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 easier 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<sub>2</sub> emissions;
- Peugeot Connect Apps, evolving mobility services. The scheme launched with nine applications available for the onboard touchscreen (10 in France) based around mobility services and in partnership with leading brands to make your trips easier, safer and more personalised. Peugeot 208s were including the offer in three countries by the end of 2012. Easy to access, it is designed as a plug-n-play solution at no extra cost wherever the customer goes in the world.

## 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<sub>2</sub> 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. FINANCE AND INSURANCE **G.32**

### BPF PACKAGES

Most BPF branches are now offering individual and corporate customers packages – designed in close coordination with the Peugeot and Citroën marketing teams – that combine vehicle financing, maintenance and personal and vehicle insurance. The packages provide continuous use of a vehicle for a fixed monthly “subscription” whatever happens in the course of the contract: vehicle is off-road: breakdown, accident, unemployment, disability.

BPF also offers solutions to extend the manufacturer's warranty, extending the maintenance and maintenance in good condition beyond the normal brand warranty period so supporting its customers' mobility.

For companies, fleet financing offers allow, depending on the customer's profile, either a flexible budget tailored to changes in vehicle use or a set budget for those with predictable needs. An “extranet” site is also available in some countries so corporate fleet managers can manage users' travel in real-time and optimise and manage costs (fuel consumption, etc.).

In 2012, BPF developed a specified financing deal for the Citroën C0, which allows customers to use the 100% electric vehicle at a promotional hire cost. This deal was part of the development of the car-sharing and vehicle pooling scheme in partnership with Multicity. A dedicated monthly fully comprehensive insurance product was also launched to accompany this offer.

Crédipar, BPF's French subsidiary, designed and marketed a specific mobility offering for the Peugeot electric scooter.

More generally, BPF has a specific range of insurance for electric vehicles marketed by the PSA Peugeot Citroën Group.

BPF is also introducing promotional financing offers in other countries to support the sale of PSA Peugeot Citroën Group hybrids.

### CONSUMER PROTECTION **G.41**

The distribution of consumer credits which makes up about 70% of total credits distributed by BPF and its subsidiaries are subject to specific regulations that protect consumer rights. These regulations were strengthened in the EU by the adoption of Directive 2008/48/EC on credit agreements for consumers, which each member state had to transpose into their own national laws before 12 May 2010.

BPF and/or its subsidiaries contributed to working and consultation groups set up by professional bodies in the different countries at the time the European Directive was being transposed. The directive creates new obligations for advertising, pre-contractual information, solvency studies of borrowers and contractual information all of which were implemented by BPF and the subsidiaries affected. In France, the directive was transposed in the Lagarde Law of 1 July 2010, reforming consumer credit, which came fully into force on 1 May 2011.

More generally, in the interests of quality and improving its customer processes, BPF has put in place a system for handling customer complaints designed to quality assure their treatment (commitment on response times, requirement for a written response). This system is based on a framework instruction which requires all BPF's local subsidiaries or branches to appoint a Head of Complaints to deal with complaints received in compliance with the instruction, to monitor the types and volume of complaints, analyse this data and, where this shows up poor practice, take appropriate corrective measures.

Crédipar, BPF's French subsidiary, joined an Ombudsman mediation system set up by the French association of Financial Companies (ASF) and cites contact details for the Ombudsman in all its credit contracts alongside those for its own Consumer Department, which is responsible for handling complaints.



Crédipar also signed up to the “Agreement on amicable recovery of consumer credit” between the ASF and various consumer representative bodies. The Agreement seeks to guarantee customers that a number of good practice rules will be followed (progressive stages in the recovery process, respect for confidentiality and privacy, transparency in the relationship with the customer). In this way it seeks to promote amicable settlement of unpaid debts.

Crédipar takes part in ASF working groups on the protection of consumers (borrowers) and the struggle against overindebtedness.

Finally, BPF regularly measures the quality and performance of its services, including through customer satisfaction surveys that allow a permanent improvement of customer relations.

### 2.3.3. ROAD SAFETY **G41**

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. PSA Peugeot Citroën continued to work to improve road safety in 2012:

- ▶ helping raise children’s awareness of road safety through its foundation;
- ▶ supporting research programmes financed by the Road Safety Foundation;
- ▶ among its employees, by stipulating precise rules for professional travel and journeys to work.

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.

#### WHEELS, AXLES, SUSPENSION 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. They are designed to deliver handling performance, precision steering and braking efficiency that rank among the best in the market.

These qualities are supported by driving assistance technologies that come to the driver’s aid in emergency situations.

Anti-blocking systems (ABS, standard in all models), electronic brakeforce distribution (EBD), emergency braking assist (EBA), and electronic stability programmes (ESP), which help drivers maintain control even in a skid are now included as standard in all models in Europe.

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

Tyre pressure monitoring systems help to detect under-inflated tyres that can reduce vehicle stability and threaten occupant safety. By continuously checking tyre pressure, such systems also help to reduce tyre noise, improve fuel efficiency and increase tread life.

#### VISIBILITY, SPEED AND SAFE FOLLOWING DISTANCES

See and be seen. PSA Peugeot Citroën has developed numerous innovations in this field that are available on several model ranges. These include:

- ▶ innovative lighting systems: static directional lighting, 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 (particularly a motor bike) in a blind spot zone through a pictogram in the wing mirror;
- ▶ a camera system to aid reversing;
- ▶ a panoramic view system, currently under development, that provides a bird’s eye-view of the vehicle in real time to help drivers manoeuvre 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;

- ▶ 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. This function is designed to deal with certain distracting situations while driving, one of the key causes of motorway accidents;
- ▶ a speed limiter system that deactivates the accelerator pedal when the driver tries to exceed his or her pre-set speed limit. The driver can programme five frequently used speed limits into the system's memory;
- ▶ 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 km/h, a short-range (10 m.) 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;
- ▶ automatic braking at high speed (faster than 20 km/h) mainly for emergency braking on highways and motorways. The system functions similarly to the low-speed automatic braking (laser capture) and brakes automatically if it detects an obstacle or intensifies the driver's braking to avoid impact or reduce the severity of a collision by reducing the impact speed.

## ERGONOMICS AND HUMAN-MACHINE INTERFACE (HMI)

The proliferation of driver assistance systems and spread of information technologies demand close attention when designing HMIs. PSA Peugeot Citroën carries out numerous upstream research projects on distraction risk factors, to provide an in-vehicle environment that is as comfortable and safe as possible, so the driver can concentrate on driving.

These research projects cover a wide range of issues, from methods of diagnosing driver alertness to exploration of new modes of interaction to limit lapses in alertness during different driving phases.

Through a collaborative project called SCOREF (French Experimental On-Road Cooperative System) investigating "car to x" applications of ICT, researchers are looking at ways to send drivers targeted information that may either warn them about risks of an accident (suggested speed, weather alerts, traffic, obstacles such as a vehicle breakdown on the carriageway, etc.) or provide a service (service stations, recommended route, etc.). All this information must be delivered to drivers without distracting their attention or disturbing their driving.

## 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.

### 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.

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

### 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 in the passenger compartment.

## 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 five-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.

12 Group vehicles have obtained the maximum five-star overall rating under the stricter new 2009 protocol.

### EURO NCAP

Model	Year launched	Year tested	Assessment protocol in effect until 2008			Test protocol in force from 2009	
			Adult Occupant Rating*	Pedestrian Test Rating*	Child Protection Rating	Year tested	Overall rating
Peugeot 208	2012					2012	*****
Citroën DS5	2011					2011	*****
Citroën DS4	2011					2011	*****
Peugeot 508	2011					2011	*****
Citroën C-Zero Peugeot iOn**	2010					2011	****
Citroën C-Quatre	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 308	2012	2012	*****
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 2010	Total as of end 2011	Total as of end 2012
Peugeot and Citroën vehicles equipped with the PSA Peugeot Citroën emergency call system	717,447 <sup>(1)</sup>	1,016,676	1,278,048
Alerts sent to emergency services	3,968 <sup>(1)</sup>	5,212	7,207
Number of countries where the PSA Peugeot Citroën emergency call system is available.	10	10	13
Countries in which the PSA Peugeot Citroën emergency call service is available	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal, Austria and Switzerland	France, Belgium, Luxembourg, the Netherlands, Germany, Austria, Italy, Spain, Portugal, Switzerland, Denmark, Poland, and the United Kingdom.

(1) Updated figures revised following an accounting error detected in the "Total as of 2010" cited in the 2010 & 2011 CSR Reports.

In countries where the location-aware assistance service is not available, the close to 153,000 Peugeots and Citroën's 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 1,431,058 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 10 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.

Regular training sessions are held to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market. The Group also provides educational materials to the emergency services. In 2012, the Group donated 142 vehicles or vehicle bodies to the emergency services for use in training exercises. Meanwhile, PSA Peugeot Citroën is working with the Public Safety Services of the French Interior Ministry and the zonal victim removal group on defining an international standard for victim removal instructions. This project is being developed under the aegis

of ISO, which includes Germany, Japan and the USA among others. The standard is scheduled for release at the end of 2013 and will be global in application.

### 2.3.2.4. PEUGEOT MOTORCYCLES

#### SAFETY

Peugeot Motorcycles is Europe's fourth-largest builder of motorcycles and scooters. Safety is its priority through an approach to urban mobility that is both more safety conscious and socially aware.

Innovation is at the core of its strategy and has allowed Peugeot Motorcycle to establish itself as a benchmark in passive and active protection. Successes include:

- ▶ development of the SBC integral braking system (2001);
- ▶ first brand in the world to offer ABS on a 125 scooter (2002);
- ▶ marketing of an airbag vest (2011);
- ▶ marketing of Metropolis three wheels, the first scooter on the market with a day running light or DRL to make it more visible during the daytime (2013).

## 2.4. PEUGEOT AND CITROËN: LISTENING TO CUSTOMERS

### 2.4.1. PEUGEOT AND CITROËN CUSTOMERS

#### 2.4.1.1. REVENUE

##### CONSOLIDATED REVENUE BY BUSINESS ▲

Note: the activities of the GEFCO transportation and logistics subsidiary were removed from the scope of consolidation in 2012 on account of the sale of most of the shares held by PSA Peugeot Citroën in this subsidiary. In accordance with IFRS 5, GEFCO has been reclassified as "held for sale".

(in million euros)	Automobile Division	Automobile Equipment Division	Finance companies	Other businesses	Intersegment eliminations	Total
<b>2012 net revenue</b>						
• from sales to outside customers	38,295	15,460	1,586	105	-	55,446
• from intragroup sales	4	1,905	324	97	(2,330)	-
<b>TOTAL 2012</b>	<b>38,299</b>	<b>17,365</b>	<b>1,910</b>	<b>202</b>	<b>(2,330)</b>	<b>55,446</b>
<b>2011 net revenue</b>						
• from sales to outside customers	42,706	14,092	1,583	128		58,509
• from intragroup sales	4	2,098	319	82	(2,503)	-
<b>TOTAL 2011</b>	<b>42,710</b>	<b>16,190</b>	<b>1,902</b>	<b>210</b>	<b>(2,503)</b>	<b>58,509</b>

## GROUP 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.

<i>(in million euros)</i>		Europe	Russia	Asia	Latin America	Rest of the World	Total
2012	REVENUE	37,761	1,778	3,416	5,308	7,183	55,446
	NON-CURRENT ASSETS EXCLUDING DEFERRED TAX ASSETS AND FINANCIAL ASSETS	14,201	480	280	1,508	466	16,935
	Revenue	42,613	1,483	2,763	5,420	6,230	58,509
2011	Non-current assets excluding deferred tax assets and financial assets	17,464	387	236	1,459	373	19,919

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

- the Automobile Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automobile Equipment Division, corresponding to the Faurecia Group and comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- 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 Motorcycles.

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 PSA Peugeot Citroën revenue by business and by region is available in the Group's 2012 Registration Document in notes 3.1 and 3.2 of Chapter 20.3 of the Consolidated financial statements. Note that this report reflects the corporate social responsibility policies, commitments and 2012 outcomes of the Automobile, Finance and Motorcycle Divisions.

## 2.4.1.2. VEHICLE SALES

## CONSOLIDATED GLOBAL SALES BY REGION ▲

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

		2010	2011*	2012
<b>Europe 30</b>	Peugeot	1,172,100	1,101,300*	947,600
	Citroën	1,023,200	962,100*	810,600
	<b>Total PSA Peugeot Citroën</b>	<b>2,195,300</b>	<b>2,063,400*</b>	<b>1,758,200</b>
<b>Russia</b>	Peugeot	39,600	50,700	49,900
	Citroën	19,900	32,500	38,000
	<b>Total PSA Peugeot Citroën</b>	<b>59,500</b>	<b>83,200</b>	<b>87,900</b>
<b>Latin America</b>	Peugeot	173,800	190,100	172,900
	Citroën	120,500	135,700	110,000
	<b>Total PSA Peugeot Citroën</b>	<b>294,300</b>	<b>325,800</b>	<b>282,900</b>
<b>Asia</b>	Peugeot	164,200	187,700	231,000
	Citroën	227,600	234,500	230,500
	<b>Total PSA Peugeot Citroën</b>	<b>391,800</b>	<b>422,200</b>	<b>461,600</b>
<b>Rest of the World</b>	Peugeot	120,400	126,100*	153,600
	Citroën	63,900	70,900*	75,800
	<b>Total PSA Peugeot Citroën</b>	<b>184,300</b>	<b>197,000*</b>	<b>229,400</b>
<b>Total assembled vehicles</b>	Peugeot	1,670,000	1,655,900	1,555,000
	Citroën	1,455,100	1,435,700	1,264,900
	<b>Total PSA Peugeot Citroën</b>	<b>3,125,200</b>	<b>3,091,600</b>	<b>2,819,900</b>
<b>CKD units</b>	Peugeot	471,700	457,900	145,000
	Citroën	5,300		
	<b>Total PSA Peugeot Citroën</b>	<b>477,000</b>	<b>457,900</b>	<b>145,000</b>
<b>TOTAL ASSEMBLED VEHICLES AND CKD UNITS</b>	<b>PEUGEOT</b>	<b>2,141,800</b>	<b>2,113,700</b>	<b>1,700,000</b>
	<b>CITROËN</b>	<b>1,460,400</b>	<b>1,435,700</b>	<b>1,264,900</b>
	<b>TOTAL PSA PEUGEOT CITROËN</b>	<b>3,602,200</b>	<b>3,549,400</b>	<b>2,964,900</b>

\* Europe: EU + EFTA + Croatia + Bosnia + Kosovo + Macedonia + Montenegro + Serbia. Some adjustments have been made to figures published after the publication of the 2011 report

Figures have been rounded to the nearest 100.

## REGISTRATIONS IN EUROPE ▲

*(Passenger cars and light commercial vehicles)*

	2010		2011		2012	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	871,900	32.7%	840,800	31.9%	700,900	30.7%
Germany	173,900	5.6%	172,600	5.1%	153,900	4.7%
Austria	32,400	9.1%	33,100	8.5%	28,800	7.8%
Belgium-Luxembourg	124,800	19.0%	118,100	17.1%	99,000	16.5%
Denmark	29,100	17.1%	33,000	17.0%	31,800	16.3%
Spain	203,000	18.5%	158,000	17.3%	133,200	17.2%
Finland	8,200	6.9%	8,100	6.0%	6,700	5.7%
Greece	11,800	7.7%	7,500	7.2%	7,100	11.4%
Ireland	5,300	5.3%	5,200	5.1%	4,600	5.1%
Iceland	0	1.0%	100	1.6%	300	3.1%
Italy	238,900	11.1%	185,400	9.7%	155,500	10.2%
Norway	16,300	10.3%	17,200	9.8%	15,000	8.8%
Netherlands	70,700	13.2%	82,800	13.5%	74,800	13.4%
Portugal	43,600	16.2%	32,400	17.2%	17,900	16.1%
United Kingdom	217,400	9.6%	200,500	9.1%	213,200	9.3%
Sweden	22,600	6.9%	22,300	6.3%	22,400	7.0%
Switzerland	32,300	10.1%	32,200	9.3%	28,000	7.8%
Total Western Europe - 18 countries	2,102,300	14.5%	1,949,300	13.6%	1,693,200	12.9%
Croatia	5,400	12.9%	7,000	15.6%	6,100	17.5%
Hungary	3,900	7.4%	4,900	8.7%	4,600	7.2%
Poland	35,800	9.5%	33,500	9.7%	29,300	9.4%
Czech Republic	15,200	8.5%	15,500	8.3%	14,400	7.8%
Slovakia	9,100	12.8%	8,700	11.7%	7,900	10.6%
Slovenia	10,500	15.9%	10,800	16.3%	9,600	17.1%
Total CEEC	79,800	10.1%	80,400	10.4%	71,900	9.9%
Baltic States*	3,500	12.6%	5,800	12.2%	5,300	10.8%
Bulgaria - Romania	7,700	5.7%	7,700	6.1%	6,800	6.4%
Cyprus	1,000	5.3%	800	7.6%	1,400	7.7%
Malta	800	14.7%	1,000			
<b>TOTAL 30-COUNTRY EUROPE</b>	<b>2,195,200</b>	<b>14.2%</b>	<b>2,045,000</b>	<b>13.3%</b>	<b>1,778,700</b>	<b>12.7%</b>

\* Estonia, Lithuania and Latvia

Figures have been rounded to the nearest 100.

## GLOBAL SALES BY MODEL ▲

(PC + UV = Passenger cars + light Utility Vehicles, total assembled vehicles and completely knocked down units)

	2011	2012
<b>Peugeot</b>		
ION	2,400	2,900
107	92,100	76,400
206	445,000	199,900
207	296,700	147,900
208	600	220,800
2008	0	100
301	0	4,800
307	71,500	103,000
308	204,000	184,300
3008	135,000	108,300
5008	72,300	52,500
405	270,600	110,600
407	2,600	100
408	74,600	80,000
508	124,200	121,700
607	100	0
807	6,300	4,500
4007	7,400	2,700
4008	0	9,300
RCZ	18,800	11,100
BIPPER	34,400	26,000
PARTNER	165,200	149,800
EXPERT	32,300	29,500
BOXER	57,700	53,900
T9	0	200
<b>TOTAL PEUGEOT BRAND</b>	<b>2,113,700</b>	<b>1,700,000</b>
- o/w CP	1,888,200	1,497,100
- o/w UV	225,600	203,000
- o/w Diesel	912,600	802,900
- o/w Electric	2,600	3,000
- o/w Hybrid	800	19,400
<b>Citroën</b>		
C-ZERO	2,100	3,300
C1	87,700	66,700
C2	10,500	14,600
C3	255,300	215,800
C3 PICASSO	101,600	84,700
DS3	78,400	68,200
ZX	65,500	55,600
C-ELYSEE	0	5,600
XSARA	8,400	4,000
C4	286,200	263,800
C4 PICASSO	116,900	82,900

	2011	2012
<b>Citroën (continued)</b>		
DS4	29,500	33,200
C5	101,200	76,300
DS5	3,300	27,800
C6	900	1,600
C8	5,500	4,100
C-CROSSER	7,500	3,300
C4-AIRCROSS	0	17,000
NEMO	34,300	28,500
BERLINGO	165,800	139,800
JUMPY	29,000	24,900
JUMPER	46,100	43,100
<b>TOTAL CITROËN BRAND</b>	<b>1,435,700</b>	<b>1,264,900</b>
- o/w CP	1,242,900	1,098,300
- o/w UV	192,700	166,600
- o/w Diesel	798,400	668,100
- o/w Electric	2,300	3,600
- o/w Hybrid	300	6,400
<b>TOTAL PSA PEUGEOT CITROËN</b>	<b>3,131,100</b>	<b>2,593,300</b>
- o/w UV	418,300	369,600
- o/w Diesel	1,711,000	1,471,000
- o/w Electric	4,900	6,600
- o/w Hybrid	1,100	25,800

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:

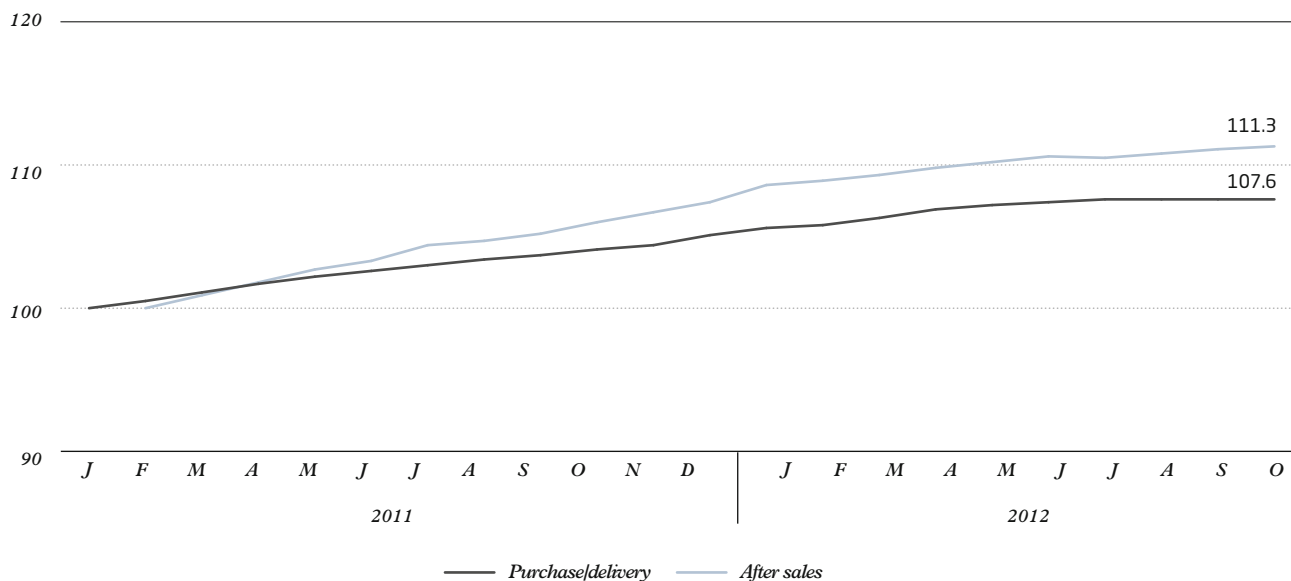
- ▶ group-led surveys and studies to measure, at the carbuyer level, progress and the effectiveness of the actions undertaken to improve:
  - ▶ quality of service:

Every year, 1.3 million customers, or nearly one in five, are polled for their opinion of its customer service in 32 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.

### Rend in "Fully Satisfied" Responses in Group-Conducted Quality of Service Surveys for New Vehicle Purchases and After-Sales Service (% Fully Satisfied - Last 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;

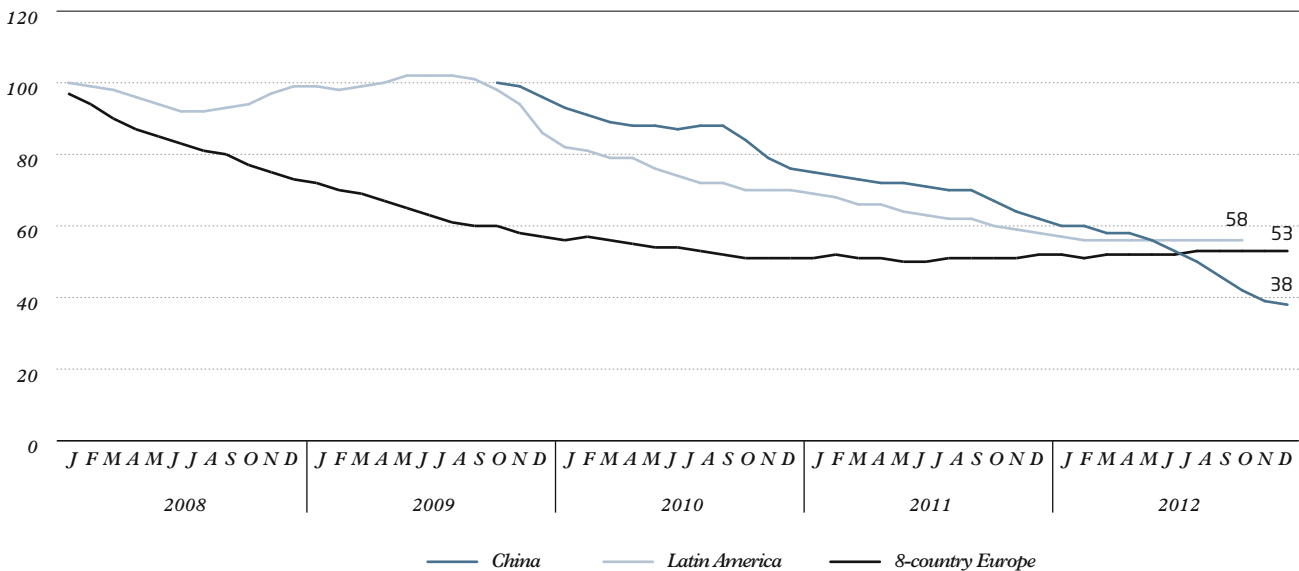
► automobile surveys, which precisely position each brand in relation to the competition and help to target customer expectations more effectively, depending on the market.

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 ▲

Base 100



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 **G.41**

#### COMPANY OMBUDSMAN

In 2013, the Group is introducing a Company Ombudsman system to deal with issues of subcontracting (suppliers) and consumption (final customer). It is appointing an in-house Ombudsman who will report to the Chairman.

The system introduces a structured mediation process in which the Ombudsman's role is to facilitate the resolution of disputes between two or more parties. The process is freely accepted by both parties, who must then participate in good faith while remaining free to pull out at any time.

Mediation is sometimes the last resort before going to court and is always invoked after normal operating procedures have failed to satisfy both parties.

A set of internal rules sets the framework for the Group's Mediation service and describes the principles of commitment and internal support for demands made by the Ombudsman.

The Purchasing and Brands Departments are the most affected by the new system and will prioritise demands and recommendations made by the Ombudsman. They will, where necessary, pass on demands to any operating contact who has the information sought, whatever department they report to.

This rule thus covers all PSA Peugeot Citroën employees who might be affected by a demand from the Ombudsman. The principles governing the conduct of a mediation are described in the PSA Peugeot Citroën Ombudsman's Charter for each of the two areas of external interaction (subcontracting and consumption). Regarding subcontracting, the Purchasing Department appoints a Suppliers and Sub-contracting Mediation Correspondent. For consumption, the Brands Department appoints one Consumer Mediation Correspondent each for Citroën and Peugeot.

The Ombudsman can be called in writing (by mail, email or on the website) and will acknowledge receipt of the request to the parties with, where applicable, a request for the evidence that would allow him/her to judge its admissibility, in accordance with the terms of the Charter.

The Ombudsman issues rulings on the admissibility of a case and all demands in writing, thereby mandating the Mediation Correspondents to deal with all the operational employees from all the departments involved.

The Mediation Correspondents undertake to respond to each demand by the Ombudsman within an agreed time limit, normally three weeks. The contributors who are contacted are under an obligation of transparency and due diligence in formulating their responses. The Ombudsman delivers a judgement that can be freely accepted by each party and, if it is accepted, follows up its implementation.

The Ombudsman writes a public annual report of activities undertaken including the statistics for Mediation and the recommendations whose implementation he/she has overseen.

He/she also publishes each quarter, for internal use by the Group, a report on the progress made with demands, mediation and implementation of recommendations.

#### NON-COMPLIANCE WITH CONSUMER HEALTH AND SAFETY LEGISLATION ▲

*(Scope covered: Peugeot subsidiaries excluding Algeria, Asia and Scandinavia and Citroën subsidiaries excluding Asia, Scandinavia, Sweden and Ukraine – data unavailable at reporting date).*

In 2012, the Citroën brand was not cited for non-compliance with consumer health and safety regulations in any case.

In 2012, Peugeot Spain was cited for breaches of noise limits. The penalty levied for this infraction was 450 euros.

#### NON-COMPLIANCE WITH REGULATIONS CONCERNING CUSTOMER PRIVACY ▲

*(Personal data protection legislation, scope covered: Peugeot subsidiaries excluding Algeria, Asia and Scandinavia and Citroën subsidiaries excluding Asia, Scandinavia, Sweden and Ukraine – data unavailable at reporting date).*

In 2012, Citroën and Peugeot were not cited for non-compliance with customer privacy legislation in any case.

## 2.4.4. ADVERTISING, COMMUNICATION AND CONSUMER INFORMATION

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

*(Scope covered: Peugeot subsidiaries excluding Algeria, Asia and Scandinavia and Citroën subsidiaries excluding Asia, Scandinavia, Sweden and Ukraine – data unavailable at reporting date).*

In 2012, Citroën was cited for non-compliance with regulations concerning advertising, marketing, labelling and consumer information:

- ▶ in Spain, for erroneous information on fuel consumption and CO<sub>2</sub> emissions (fine of 1,000 euros);
- ▶ in Russia for abusive advertising on the purchase terms of the Citroën C4 due to the excessively small print used in the information documents on the bank and credit terms (fine of 2,440 euros).

In 2012, Peugeot was condemned for 10 cases of non-compliance with regulations concerning advertising, marketing, labelling and consumer information.

- ▶ three in Argentina. The three fines totalled 2,700 euros;
- ▶ three in Brazil. In a first-instance judgement, which may yet be overturned, the total fine was set at 159,000 euros;
- ▶ one in Spain for misleading advertising (6,000 euros), non-visible information on fuel consumption and CO<sub>2</sub> emissions (3,000 euros) and non-compliance with rules on consumer rights (2,200 euros);
- ▶ three cases linked to the marketing of the Peugeot 207 and Peugeot 308 models in Russia. The three fines totalled 7,562 euros;
- ▶ one in Ukraine linked to poster adverts where information on credit terms was incomplete or hard to read (fine of 1,000 euros).

Altogether, Peugeot's 10 fines totalled 173,262 euros.

### 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<sub>2</sub>.

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 COMMUNICATION 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 2012, 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. Product communications take account of LatinNcap test results (equivalent to EuroNcap for South America) and ChinaNcap (Asia);
- ▶ for Group employees:
  - ▶ the French sites have held exhibitions highlighting the Group's work on road safety: innovations, actions by the PSA Peugeot Citroën Foundation, awareness-raising exhibits on road dangers before the big holiday rush, etc.),
  - ▶ a leaflet explaining the advantages of eco-driving was distributed to French employees,
  - ▶ electric vehicles (thirty iOn and C-Zero vehicles) were included in the service vehicle pools for use on short trips between sites (in the Paris region and between Sochaux and Mulhouse). Around 50 charging points and 10 quick charging stations at the Group's sites in France.

**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. Customer data are kept on the Company's servers in France.

**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. All advertising campaigns in any countries where the brands market their vehicles have to comply with the charter. They are reviewed by the brand to make sure they meet the charter rules.

**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. Since 2012, the Group's CSR report has been digitised and only available as a download from the Group's website. In 2013, a pilot project for a virtual POS display will be launched across the Peugeot French dealership network. This project seeks to gradually reduce the use of traditional media, particularly paper.



# A COMMITMENT TO PROTECTING THE ENVIRONMENT

<b>3.1.</b>	<b>MANAGING ENVIRONMENTAL IMPACT</b>	<b>79</b>	<b>3.2.</b>	<b>PROTECTION OF NATURAL HABITATS AND BIODIVERSITY</b>	<b>101</b>
3.1.1.	Environmental challenges and corporate strategy	80	3.2.1.	Facilities located near protected areas	101
3.1.2.	Combating climate change	83	3.2.2.	Significant initiatives to promote biodiversity	102
3.1.3.	Reducing the impact of resource use	89			
3.1.4.	Limiting pollution	91			
3.1.5.	Reducing waste	96			



## REPORTING METHODOLOGY

The following environmental indicators are presented in compliance with Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) and with Global Reporting Initiative recommendations. A cross-reference index with GRI indicators and a cross-reference index pursuant to the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2 Act) are included at the end of this “Corporate Social Responsibility – Strategic Guidelines, Commitments and 2012” Indicators Report.

The reported data concern the production plants (PCA, PCI and Peugeot Motocycles), the research and development centres, the main office sites, the Peugeot and Citroën Retail dealership networks and the activities of Banque PSA Finance (BPF). GEFCO, in which the Group sold 75% of its investment in December 2012, falls outside the scope. Also this year, information on Faurecia, previously included for indicative purposes, is now only reported in the Company’s Registration Document.

*Note that certain 2011 results have been restated to incorporate more detailed data obtained after the last CSR report was published. The restatements have been explained each time the difference exceeded 1%.*

## SCOPE OF REPORTING AND COVERAGE

**Joint ventures:** 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;
- ▶ CAPSA, located in Shenzhen, China, in cooperation with China Changan Automobiles;
- ▶ 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 environmental and social scopes of reporting, since PSA Peugeot Citroën holds 70% of its shares.

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. The Group therefore brings to its joint ventures the same spirit of corporate social responsibility on environmental and social issues as it does to its other businesses.

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.

## SCOPE OF THE AUTOMOBILE DIVISION

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

PCA (35 sites)	France	Aulnay Belchamp Bessoncourt Caen Carrières-sous-Poissy Charleville Hérimoncourt La Ferté Vidame La Garenne	Metz Meudon Mulhouse Paris (Grande-Armée) Paris 75017 Poissy Poissy Pôle Tertiaire Rennes Saint-Ouen	Sevel-Nord 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		
	Russia	Kaluga		
PCI (one site)	France	St Étienne		
PMTC (two sites)	France	Dannemarie	Mandeure	

For the Automotive business (PCA), the scope of reporting comprises the production plants, technical and processing centres, replacement part warehouse and main office facilities. The PCA scope in 2012 includes data from two more assembly units than in 2011: the plants at Sevel Nord (taken over by the Group at year-end) and Kaluga (where production processes came fully on-stream during the year). Note, too, the closure and removal from the scope of reporting of the Melun-Sénart parts warehouse.

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

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

The list of country subsidiaries reporting data in 2012 is below.

A subsidiary in one country can include one or several units (plants). A total of 450 Peugeot or Citroën branded units are included in the scope of reporting.

*Note: For sites whose data are consolidated at the time 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: 60 country subsidiaries	Peugeot 20 country subsidiaries	Algeria Germany Argentina Austria Belgium Chile Croatia Spain	France Hungary Italy Japan Mexico Netherlands Poland Portugal	Czech Republic United Kingdom Switzerland Turkey
	Citroën 22 country subsidiaries	Germany Argentina Austria Belgium Denmark Spain France Hungary	Ireland Italy Norway Netherlands Poland Portugal Czech Republic Romania	United Kingdom Slovakia Slovenia Sweden Switzerland
	PSA Peugeot Citroën 18 country subsidiaries	South Africa Germany Argentina Austria Brazil China	Croatia Egypt Spain France Japan Italy	Malaysia Mexico United Kingdom Russia Slovenia Ukraine



Coverage rates presented under the tables for the Peugeot and Citroën brands correspond to the percentage of total sites concerned by these indicators that reported data for the year out of the total number of sites concerned by these indicators. Where data is unavailable it may be because the plant failed to answer or could not calculate the indicator, for example if metering systems are not installed. Unless otherwise mentioned, data concern all sites.

For the Peugeot and Citroën brands the reporting period runs from 1 November of year Y-1 to 31 October of year Y.

### SCOPE OF THE BANKING DIVISION

Banque PSA Finance has 23 subsidiaries. BPF data included in the environmental scope of reporting concern, first, head office functions and the activities of the French and German subsidiaries (included in the BPF line in the tables below) and, second, data for the subsidiaries in Italy, Portugal, Poland, Slovakia, the Czech Republic, Croatia and Turkey (reported under AP/AC). The coverage rate for BPF data is more than 50% (ratio of headcount for cited entities to total headcount).

The data presented in the tables below have been audited by Grant Thornton, using the methods set out on the first page of this report.

#### Scope:

PCA: Peugeot Citroën Automobiles operations (production plants, R&D centres, office facilities).

The PCA scope of reporting covered 35 sites. The PCA scope in 2012 includes data from two more assembly units than in 2011: the plants at Sevel Nord (taken over by the Group at year-end) and Kaluga (where production processes came fully on-stream over the year). These changes in scope complicate comparisons with previous years. Note, too, the closure and elimination from the scope of reporting of the Melun-Sénart parts warehouse.

AP/AC: Operations of the Peugeot and Citroën proprietary networks (Peugeot Citroën Retail dealerships, import subsidiary headquarters, replacement parts warehouses, regional training centres and regional offices).

The Automobiles Peugeot and Automobiles Citroën scope of reporting covered 192 Citroën sites, 236 Peugeot sites and 32 PSA Peugeot Citroën sites, for a total of 450 sites.

PCI: Process Conception Ingénierie operations (one site).

PMTc: Peugeot Motorcycles operations (two sites).

Banque PSA Finance: banking and insurance. Data reported in the BPF line includes head office functions and the French and German subsidiaries. Data for the subsidiaries in Italy, Portugal, Poland, Slovakia, the Czech Republic, Croatia and Turkey are reported under AP/AC.



## 3.1. MANAGING ENVIRONMENTAL IMPACT

The Group's manufacturing, sales and banking operations 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, paint shops and/or final assembly plants may exist side by side on the same site.

Aware of this responsibility, the Group has over many years developed systems to manage these impacts. These actions are integrated within the PSA Excellence System, which seeks to develop performance at all the Group's industrial sites, and co-ordinated with the product and services strategy, which seeks to improve energy performance, eco-design, recyclability and the development of sustainable mobility services. These points are presented in Chapter 2 of this document.

The environmental improvement process set out below is the contribution made by the dedicated industrial environment teams to the industrial performance of Group plants. It is the concrete implementation of a medium-term strategy that seeks to:

- ▶ preserve natural resources, by limiting their use to the minimum necessary;
- ▶ manage our impact on the surroundings and local communities;
- ▶ make industrial processes and products increasingly environmentally friendly, "making low-emission vehicles in low-emission plants".

The Group has defined targets for 2015 and laid out the path toward 2020 and beyond. Setting quantitative targets on these time horizons however remains problematic because of the many external factors involved (regulations, economic situation, etc.).

Progress along the path having been defined, the achievement of the milestones on the way depend on four fundamental factors that are already well established in the Group:

- ▶ commitment by all employees;
- ▶ deployment of an ISO 14001-compliant environmental management system at all sites;
- ▶ production resources that integrate the best available technology that is economically affordable from the design stage on;
- ▶ operation of these production resources according to shared best practice so as to minimise consumption and emissions.

This process applies across all Group units. It is well-established in the plants, where it represents the environmental plank of the PSA Excellence System, a system that seeks to bring our units up to the top standards in all fields of manufacturing endeavour. It is well under way at research and development and office sites and is currently being deployed in the Peugeot and Citroën sales units.

### The commitment and expertise of all [G.21](#) [G.24](#)

The expertise and commitment of environmental stakeholders are the keys to success in managing sites' environmental impacts.

To meet this target in the Automobile Division, the Group has identified an environment profession among the job families developed for all its main businesses. The environment profession, recognised by the PSA Peugeot Citroën University, defines a career training path for everyone with a major involvement in the environment so that they can do their job to the full. In addition, the Group "Environment" Department supports these employees with permanent monitoring of regulations and best practice.

Besides the training given to those most involved in the manufacturing environment, each employee receives regular updates, at least once a year, on the environmental situation of their unit. Finally, every contractor employee is made aware of the environmental policy on the site where they will be working through the Unit Prevention Plan. These various programmes delivered 13,730 hours of environmental training in 2012.

### Environmental Management System [G.21](#) [G.24](#)

In automobile production facilities, the ISO 14001 standard is the Foundation of the Group's environmental policies. All the Group's automotive production plants worldwide are ISO 14001 certified. The new Kaluga plant in Russia, which opened in 2010 and whose production process is now fully in place, introduced an environmental management system based on ISO 14001. Certification is expected in the near future.

### Deployment of the Best Available Technology We Can Afford

All industrial projects are reviewed by the Design Department, the plant concerned, operational technical experts and Group Environment Department specialists in order to identify the potential risks and devise appropriate responses to keep their environmental impact to a minimum.

### Sharing Best Practice [G.22](#) [G.24](#)

In the Automobile Division, including PCA, the new processes brought into plants with the new manufacturing processes have been designed with the environment in mind so as to reduce potential impacts. Continuous improvement of operating conditions to reduce impacts is an integral part of the processes developed on-site. Identification of best practice and experience sharing is led by the Group "Environment" Department. It also maintains a regulatory



## A COMMITMENT TO PROTECTING THE ENVIRONMENT

### 3.1. Managing environmental impact

watch to monitor likely future regulatory changes and share data with departments responsible for designing production resources so as to anticipate, as far as possible, future regulatory constraints.

Finally, the department has an annual investment budget to bring plant operations into line with new regulations. An annual budget, which totalled approximately €1.3 million in 2012, was allocated for reducing pollution and environmental risk, integrating regulatory changes and deploying the certification programme.

The Group carries out public consultations wherever regulations require. At unit level, it keeps the employee representatives (Health and Safety Committee, etc.) informed about significant planned changes.

As part of compliance with ISO 14001, each unit has a system in place to analyse and respond to complaints made by local communities.

### 3.1.1. ENVIRONMENTAL CHALLENGES AND CORPORATE STRATEGY

The major impacts of the Group's industrial activities concern:

- ▶ consumption of natural resources (water, fossil fuels);
- ▶ air emissions from combustion processes and painting;
- ▶ water effluent from production processes;
- ▶ waste;
- ▶ soil pollution from manufacturing;
- ▶ other potential impacts (noise, smells, visual pollution, etc.) which are also analysed and monitored.

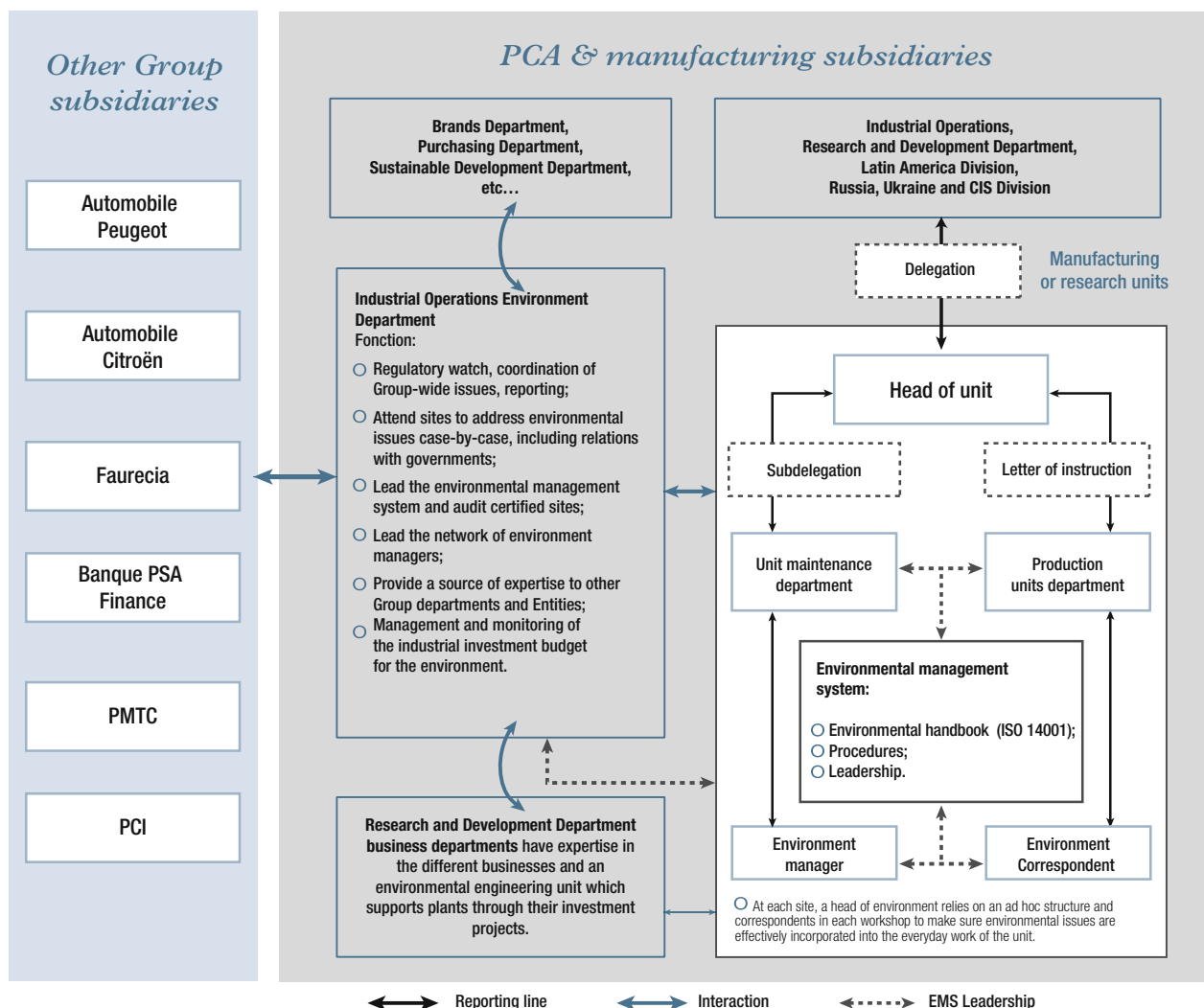
To help meet the environmental targets it has set for itself, the Group has developed the following approaches:

#### 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 research and development 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, following a continuous improvement process.

Initially launched at PCA, this policy has been progressively rolled out through the Peugeot and Citroën Retail networks. The manufacturing strategy integrates environmental protection as part of a drive for continuous improvement, 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 manages the most significant environmental aspects of the Group's operations.

Within Industrial Operations, the Environment Department leads and coordinates environmental activities on the sites 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. The Research and Development Department also has environmental specialists who provide technical support for the plants, particularly during capital projects. In all, some 500 people are directly involved in managing the Group's industrial environment.



### 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. It is also relevant to point out that the Group does not have any SEVESO classified facilities.

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 they 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.



## A COMMITMENT TO PROTECTING THE ENVIRONMENT

### 3.1. Managing environmental impact

#### AN ACTIVE CERTIFICATION POLICY [G.20](#)

At PCA, environmental management systems have been introduced at all production facilities worldwide, based on ISO 14001 certification, the internationally recognised quality standard for environmental management and organisation. The standard enables a company to set out a formal environmental strategy, identify and reduce the Significant Environmental Aspects of each facility's operations, draft the procedures used to deploy and manage the strategy, guarantee compliance and drive continuous improvement, which is the Foundation of environmental protection.

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 and environmental awareness 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 acts as a guarantee of the Group's environmental commitment to local authorities and the stakeholders.

As part of the ISO 14001 process, every employee, whether fixed-term or permanent, as well as temporary workers and interns, receives training in environmental skills or awareness tailored to his or her 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. The process is currently being deployed in the 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	Poissy	Aulnay	Caen	Metz	Saint-Ouen	Hérimoncourt*	La Garenne	Belchamp	Jeppener
Sochaux	Vigo	Rennes	Charleville	Mangualde			Vesoul		Sevel Nord**
	Trémery	Porto Real	Sept-Fons				Trnava		
	Madrid		Valenciennes						
	Buenos Aires								

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

\*\* Included in PCA data since 2012 (certified since 2000) following the process developed by PSA Peugeot Citroën

While not included in the PCA scope of reporting, the four 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; Sevelsud in Val Di Sangro, Italy and *Française de Mécanique* in Douvrin, France.

#### OTHER DIVISIONS AND THE ENVIRONMENT

##### Peugeot and Citroën: Environmental Policies Applied to the Retail Networks

Peugeot and Citroën brands are sold through the Group's own outlets run by Peugeot Citroën Retail (PCR) and by independent dealerships.

At Peugeot Citroën Retail a dedicated environment team steers the environmental progress process at the Group's own outlets. By working in close cooperation with the Environment Department at Industrial Operations the department can provide expertise to the networks and coordinate the actions of the environment correspondents at the branches or in the regions on a range of environmental issues (monitoring regulatory compliance, overseeing on-site analysis and investigations, even, if necessary, organising decontamination actions).

In its dealership networks in France, Peugeot Citroën Retail directs the environmental and social processes on a self-monitoring basis. The main themes are: environmental legislation, waste management and safety.

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

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.

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

Environmental processes in the dealership network are led by the environment correspondents appointed at each brand subsidiary. Their role is to pass on and roll out environmental procedures defined by the Group and to monitor regulatory changes specific to each country.

The Peugeot Wanact and Citroën's Greenpact programmes illustrate 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:

- ▶ present the Group's recommendations, especially the principles of "lean management", particularly as it affects energy saving;
- ▶ reflect a resolve to deploy best practices.

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 this commitment.

The Group has been running these programmes since 2011. They are now deployed four pilot sites: Chalon-sur-Saône, Abbeville and the Nancy and Lyon regional offices.

## 3.1.2. COMBATING CLIMATE CHANGE G.22 G.32

### 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<sub>2</sub> 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 expressed in MWh can be converted into terajoules (TJ) by multiplying them by a factor of 3.6 (simply put, 1 Wh = 3.6 kJ).

#### DIRECT ENERGY CONSUMPTION

(Automobile and Banking scope)

Unit: MWh ncv		Heavy fuel oil	HHO	NG + LPG	Coke and Coal	Wood	Total
PCA	2012	4,556	4,987	1,988,699	87,181	3,185	2,088,608
	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
AP/AC	2012	339	19,012	170,921	-	-	190,272
	2011	367	20,369	180,874	-	-	201,610
	2010	889	37,378	196,954	-	-	235,221
PCI	2012	-	-	152	-	-	152
	2011	-	-	3,959	-	-	3,959
	2010	-	-	5,123	-	-	5,123
PMTIC	2012	-	-	21,703	-	-	21,703
	2011	-	0	20,346	-	-	20,346
	2010	-	10	27,890	-	-	27,900
Banque PSA Finance	2012	-	-	103	-	-	103
	2011	-	-	-	-	-	-
	2010	-	-	-	-	-	-
TOTAL	2012	4,895	23,999	2,181,578	87,181	3,185	2,300,838
	2011	4,467	25,856	2,089,567	110,585	0	2,230,475
	2010	4,598	49,218	2,616,187	105,646	0	2,775,649

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 – Heavy fuel oil = HSFO + LSFO + VLSFO

PCA's consumption of primary energy rose by 4% in 2012, despite a fall in production of around 9%. This is largely because of the inclusion in the scope of reporting of Sevel Nord and Kaluga in Russia, which produce few vehicles, and by plants running at less than full capacity in tough economic times. However, compared to 2010 data there is a clear reduction in consumption, which confirms that energy management measures put in place at the sites have largely offset fluctuations in plant production levels, but also less favourable weather conditions in 2012.

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

Direct energy consumption data from the Peugeot and Citroën brands were reported from an average 98% of their sites in 2012, versus 98% in 2011 and 92% in 2010.



## INDIRECT ENERGY CONSUMPTION

(Automobile and Banking scope)

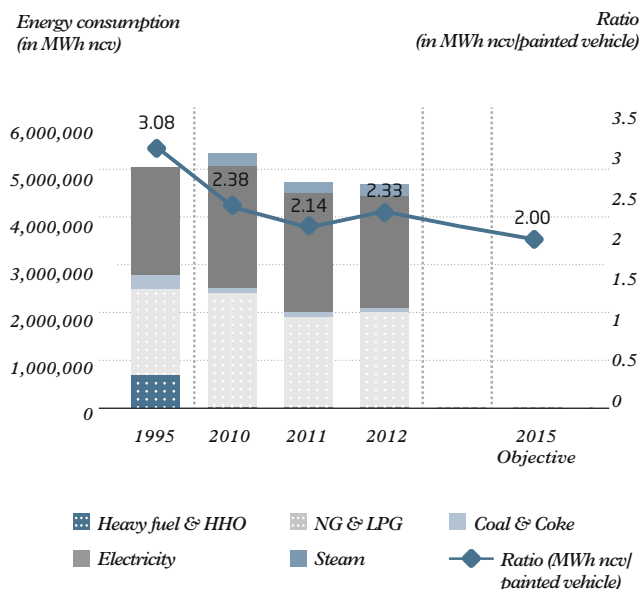
Unit: MWh		Electricity	Steam	Total
PCA	2012	2,358,596	237,381	2,595,977
	2011	2,486,202	235,404	2,721,606
	2010	2,546,206	274,550	2,820,756
AP/AC	2012	143,250	4,691	147,941
	2011	157,083	9,403	166,486
	2010	153,775	13,577	167,352
PCI	2012	2,099	2,274	4,373
	2011	2,153	-	2,153
	2010	1,837	-	1,837
PMTc	2012	11,702	-	11,702
	2011	12,550	-	12,550
	2010	12,869	-	12,869
Banque PSA Finance	2012	2,054	1,289	3,343
	2011	-	-	-
	2010	-	-	-
TOTAL	2012	2,517,701	245,635	2,763,336
	2011	2,657,988	244,807	2,902,795
	2010	2,714,687	288,127	3,002,814

Secondary energy consumption within the PCA scope fell by 5%. This proves the effectiveness of the energy management process put in place, which successfully brought down energy consumption as production was scaled back, despite the unhelpful change in the scope of reporting.

Data for the Peugeot and Citroën brands were reported from an average 94% of their sites in 2012, versus 95% in 2011 and 88% in 2010, for indirect energy consumption.

## CHANGE IN ENERGY CONSUMPTION ▲

(PCA)



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

In the Automobile Division, vehicle manufacture uses energy in a wide variety of industrial processes, including casting, machining, paint curing and heat treatment, as well as lighting and heating.

Energy use has increased sharply since 1995, reflecting:

- ▶ the increase in PCA's automobile output;
- ▶ the production of engines for other carmakers;
- ▶ the increased use 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 24% 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 plan has also made it possible to map the energy performance of the largest plants in order to identify the necessary interventions to completely overhaul their energy programmes as well as related short-term investments to help reduce energy consumption.

Today, the Group's commitment to managing energy consumption is producing results. The Sochaux site was the first manufacturing site in France to receive the new ISO 50001 certification, followed by Mulhouse in 2012. The Trnava site in Slovakia is currently in the process of certification and will apply for its certificate at the end of the first half of 2013.

The decline between 2011 and 2012 was for two reasons. The first was industrial: the inclusion within the scope of reporting of Kaluga, which only came on-stream from July 2012, and Sevel Nord, plus lower production at all plants. The second was the weather, related to the location of the Group's plants, in particular in France, where the 2011 weather was classed as exceptionally hot by the French Met Office. It is therefore more relevant to compare 2012 results with 2010: we see a slight increase in energy consumption per vehicle in spite of the change in scope and the lower production at the plants. This

illustrates well how the Group has progressed in terms of optimising energy consumption.

Despite the tough environment for the Group, programmes to renovate the thermal systems at the Sochaux and Mulhouse sites and retool the Charleville foundry continue and should become operational in 2014.

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.

The Group has also made efforts to replace its most polluting energy sources, for instance by replacing heavy fuel oil boilers at Vesoul with a wood burner.

In another aspect of its energy policy, the Group is continuing the cogeneration contracts at its Sochaux, Rennes and Mulhouse plants.

Geographically, 92% of the Group's energy was used in the EU and 8% in the rest of the world in 2012.

Use of Renewable Energy 

The Group examines opportunities to use renewable energy on a case by case basis. This led in 2010 to the installation of 9,300 sq.m. of photovoltaic panels at its Sochaux plant in partnership with Veolia Environnement.

Similarly, in November 2012, the Vesoul site brought into service a wood-burning boiler to replace its environmentally unfriendly fuel-oil facility.

**In the Peugeot and Citroën Retail networks**, the environment unit of Peugeot Citroën Retail (PCR) is currently piloting two complementary projects: a maintenance audit of its buildings and an audit of water, electricity and gas consumption at all PCR branches and subsidiaries. From March 2013, centralised databasing of information under these two projects will allow the Group:

- ▶ to measure current conditions at the sites;
- ▶ to track progress as sites change;
- ▶ to quickly call up reliable and permanent information;
- ▶ to carry out regulatory updates;
- ▶ to optimise maintenance costs;
- ▶ to reduce energy consumption at outlets.

The buildings audit will give the Group a picture, for each sales outlet, of the different elements in the buildings, their energy performance and the condition of fire-prevention equipment.

Control and analysis of water, electricity and gas consumption will be done by tele-metering: values uploaded automatically each hour from meters installed in the outlets and programmed alerts sent to the site manager by mail or SMS if the system detects any anomaly. Sampling the main meters for the three utilities installed in each unit will allow the Group to identify energy-hungry sites, detect anomalies and identify their source, e.g. detecting invisible leaks or overconsumption due to poor use of facilities.

As a result, the Group will be able to take corrective action to regulate and reduce consumption of utilities and energy at its units. The Group will also encourage better management of consumption by publishing a guide to best practice in energy-saving and through a statistical analysis of each site. Savings achieved by each investment can be measured. Interventions at outlets will be by outside consultants in cooperation with the utilities suppliers (as part of the project to control consumption), PCR head office and local PCR representatives.

**3.1.2.2. DIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT** G31 G32*(Automobile and Banking scope)*

<i>Unit: tonnes</i>		CO <sub>2</sub>	N <sub>2</sub> O	CH <sub>4</sub>	Total CO <sub>2</sub> equivalent
PCA	2012	441,276	18.0	29.0	447,464
	2011	426,459	17.0	27.1	432,305
	2010	529,711	21.6	34.3	537,115
AP/AC	2012	40,384	1.6	2.6	40,946
	2011	42,785	1.7	2.7	43,382
	2010	50,833	2.0	3.0	51,511
PCI	2012	31	0.0	0.0	32
	2011	814	0.0	0.1	828
	2010	1,053	0.1	0.1	1,070
PMTc	2012	4,461	0.2	0.3	4,528
	2011	4,182	0.2	0.3	4,244
	2010	5,736	0.3	0.3	5,820
Banque PSA Finance	2012	21	0.0	0.0	22
	2011	-	-	-	-
	2010	-	-	-	-
<b>TOTAL</b>	2012	<b>486,174</b>	<b>19.8</b>	<b>31.8</b>	<b>492,992</b>
	2011	<b>474,240</b>	<b>19.0</b>	<b>30.2</b>	<b>480,758</b>
	2010	<b>587,333</b>	<b>23.8</b>	<b>37.8</b>	<b>595,516</b>

CO<sub>2</sub> = Carbon dioxide – N<sub>2</sub>O = Nitrous oxide – CH<sub>4</sub> = Methane

These data include 1,078 tonnes of CO<sub>2</sub> equivalent from the burning of biomass within the PCA scope of reporting.

Direct greenhouse gas emissions are calculated by taking consumption data for fossil fuels (fuel-oil, coal, coke, natural gas and LPG), plus biomass energy from 2012, and applying international emission factors recommended by the French authorities (ruling of 31 March 2008 for CO<sub>2</sub> and circular of 15 April 2002 for all other gases). Renewable energy emissions factors (for wood in this case), are also derived from the 15 April 2002 circular.

To be compared and consolidated with CO<sub>2</sub> emissions, N<sub>2</sub>O and CH<sub>4</sub> emissions have been expressed in terms of CO<sub>2</sub> equivalent. This has been calculated using Global Warming Potential (GWP) coefficients of 310 for N<sub>2</sub>O and 21 for CH<sub>4</sub>, 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 the Peugeot and Citroën brands were reported from the same percentage of sites as those reporting direct energy consumption.

### 3.1.2.3. INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT G31 G32

#### INDIRECT CO<sub>2</sub> EMISSIONS

(Automobile and Banking scope)

Unit: tonnes		Indirect CO <sub>2</sub> emissions
PCA	2012	283,044
	2011	250,821
	2010	300,186
AP/AC	2012	36,251
	2011	42,810
	2010	44,210
PCI	2012	590
	2011	76
	2010	83
PMTc	2012	452
	2011	443
	2010	579
Banque PSA Finance	2012	638
	2011	-
	2010	-
<b>TOTAL</b>	2012	<b>320,976</b>
	2011	<b>294,150</b>
	2010	<b>345,059</b>

Note: Indirect emissions are calculated based on applying emissions factors, either obtained from suppliers or published by the International Energy Agency (2010 data), to the purchased electricity and steam.

The change in 2012 versus 2011 is due in part to a change in the types of energy bought, with a slight increase in steam and a fall in electricity, and in part to a change in the energy mix of our energy suppliers. There was a slight increase in the carbon content of the energy supplied in this field. Longer term, indirect CO<sub>2</sub> emissions, already low because of the Group's heavy presence in low-carbon France, continue to decline.

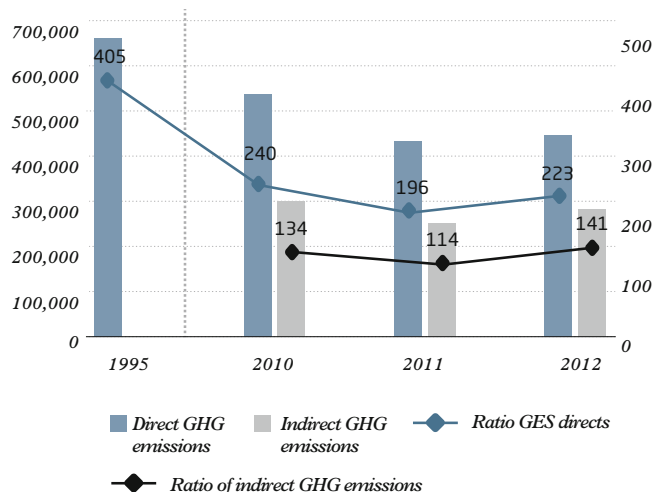
In the above table, data from Peugeot and Citroën brands were reported from the same percentage of sites as those reporting indirect energy consumption.

#### CHANGE IN GREENHOUSE GAS EMISSIONS

(PCA)

Greenhouse gas (GHG) emissions  
(in tonnes of CO<sub>2</sub> equivalent)

Ratio  
(in kg CO<sub>2</sub> eq/painted vehicle)



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.

Direct greenhouse gas emissions fell by 45% from 1995 levels to 223 kg CO<sub>2</sub> equivalent per vehicle. These emissions obviously followed the trend in fuel consumption at the sites.

In 2012, indirect greenhouse gas emissions increased on 2011. However, secondary energy consumption fell. This counterintuitive trend reflected a worsening of emissions factors at our energy suppliers.

In 2012, total greenhouse gas emissions within the Group's overall manufacturing scope were 364 kg of CO<sub>2</sub> equivalent per vehicle.

Geographically, 90% of the Group's direct greenhouse gases in 2012 were emitted in the EU and 10% in the rest of the world.

#### PARTICIPATION IN THE CARBON EMISSION ALLOWANCE SCHEME

For the 2008-2012 period, seven plants (Sochaux, Mulhouse, Rennes, Poissy, Vesoul and Vélizy in France; 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 seven plants, changes in the allocation rules have led to a 21% reduction in allowances compared with the 2005-2007 period. However, deployment of energy management policies based on the best available technologies have allowed the Group to cut its CO<sub>2</sub> consumption by the units concerned so that the reduction in permit allocations had no negative impact and the Group remained "self-sufficient" throughout the 2008-2012 period.

PSA Peugeot Citroën is currently implementing the third phase of the EU Emissions Trading Scheme (2013-2020). The scheme will extend to four new facilities (three assembly plants and one foundry) and to all operations (casting, foundry work, etc.) in the seven facilities already covered, for their combustion installations.

As part of this, requests for free quota allocations were regularly submitted, audited by third parties, validated by the national authorities, and are currently under examination by the European authorities. Notification of allocations is expected in the first half of 2013.

At the moment, the automotive sector is not assessed by European regulations as “at risk of carbon leakage”. As a result, free quota allocations for PSA Peugeot Citroën and other automakers will

be limited from 2013 to 80% of a benchmark value (based on a European benchmark) and will then fall year by year to 30% of benchmark by 2020. PSA Peugeot Citroën is therefore preparing to reduce its CO<sub>2</sub> emissions.

### FIRST GHG EMISSION AUDITS

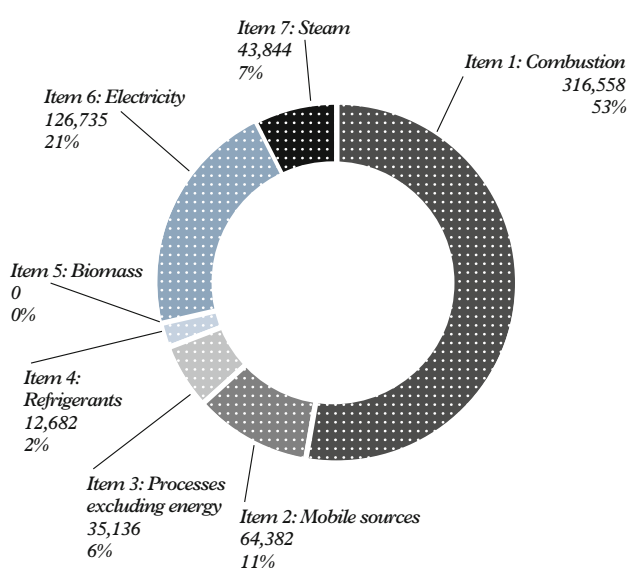
In accordance with the new Article L. 225-25 of the French Environmental Code, derived from the Grenelle 2 environmental legislation, PCA and 10 of its subsidiaries (companies employing more than 500 persons) carried out an audit of greenhouse gas emissions (6 GHGs stipulated by the Kyoto protocol) from their French operations taking 2011 as the benchmark year.

These audits covered the following sources of emissions, under the operational control of the companies concerned.

Emission category	No.	Emission headings	Example of sources of emissions
Direct GHG emissions	1	Direct emissions from stationary combustion sources	Energy combustion at stationary sources
	2	Direct emissions from mobile sources using internal combustion engines	Fuel combustion by mobile sources
	3	Direct emissions from non-energy processes	Industrial processes unrelated to combustion, such as decarbonisation, chemical reactions, etc.
	4	Direct emissions from leakage	Leaks of cooling fluid, livestock, nitrogen fertiliser, treatment of organic waste, etc
	5	Biomass emissions (agriculture and forestry)	Biomass related to activities on land, wetlands or forests
Indirect emissions related to energy	6	Indirect emissions from electricity consumption	Electricity generation, transport and distribution
	7	Indirect emissions from consumption of steam, heating and cooling	Production of steam, heating and cooling and their transport and distribution

Each company concerned carried out its audit using the Group methodology and sent it to the prefect of the corresponding region in December 2012.

The results of the GHG audits by PCA and its subsidiaries are shown in simplified form below:



Each audit comes with an action plan for 2012-2014. Actions taken derive either from the energy plan (*e.g.* cutting electricity or gas consumption), or from specific GHG emissions reduction projects (*e.g.* use of coolants with lower Global Warming Potential).

Overall, the action plan is expected to cut CO<sub>2</sub> equivalent emissions by more than 60,000 tonnes over its three years.

### LOGISTICS OPERATIONS ▲

#### GEFCO: Environmental Policies Applied to Logistics Operations

► Combating climate change by managing GEFCO Group's carbon footprint.

In line with its environmental policy and aware of the impact its activities have on climate change, the GEFCO Group drew up a carbon inventory in 2012 to measure its CO<sub>2</sub> emissions, accompanied by plans to analyse, manage and reduce energy consumption and hence emissions. The inventory was Group-wide and covered all its activities (*i.e.* scopes 1, 2 and 3) and so went well beyond its obligations under France's “Grenelle 2” law (Article 75). GEFCO also wanted to support its customers, including PSA Peugeot Citroën, in their carbon management processes by reporting to them the emissions linked to the transport services they provide and by proposing alternative transport schemes wherever possible, accompanied by the corresponding

emissions data. In 2012, logistics activities for PSA Peugeot Citroën (supplying plants and distributing parts) emitted 267,731 tonnes of CO<sub>2</sub>, and the transport of vehicles emitted 265,793 tonnes.

- Modernisation of fleet and management of road transport activities.

At end-2012, 89% of the car-carrier fleet met Euro 5 standard and 70% of goods lorries met Euro 4 or 5 standards. Since 2011, lorry speeds have been limited to 85 km/h, which has helped cut motorway consumption by 3-5%. This initiative continued in 2012, resulting in significant savings as fuel prices rose between 2011 and 2012: 4.5% on-road and 3.5% at sea. GEFCO has introduced transport optimisation software that runs through dedicated equipment currently being installed on its lorries. This will allow it to cut the number of unladen journeys, optimise loads and monitor fuel consumption. This European project involves 1,800 vehicles all of which will be equipped in 2013.

- A multimodal offering

2011 saw the creation of a rail route between France and Kaluga in Russia. In July 2012, the SKD (semi-knocked-down) automotive parts that had previously been shipped were replaced by CKD (completely knocked-down) parts allowing GEFCO to pursue its policy of switching to rail.

In 2012, GEFCO launched two projects to cut CO<sub>2</sub> emissions by switching volumes from road to rail and sea transport:

- **a system of rail hubs** was set up in cooperation with alternative operators to extend rail use for vehicle transport in Europe;
- **new sea routes** were opened linking southern Spain/Portugal and the Ukraine/Russia through the Black Sea.

### Rationalisation of Employee Travels ▲

The Group has also initiated a project to rationalise employee travel. It involves encouraging the use of conferencing and carpooling services, giving priority to rail travel and reducing average emissions by the vehicle fleet.

## 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

(Automobile and Banking scope)

Unit: m3		City water	Surface water	Underground water	Total
PCA	2012	1,967,158	3,929,592	3,870,874	9,767,624
	2011	1,941,873	4,286,015	3,746,222	9,974,110
	2010	2,084,888	4,035,499	4,744,254	10,864,641
AP/AC	2012	676,854	-	2	676,856
	2011	706,343	-	5,000	711,343
	2010	660,891	5,115	5,431	671,437
PCI	2012	3,243	-	-	3,243
	2011	2,637	-	-	2,637
	2010	2,379	-	-	2,379
PMTc	2012	13,512	-	-	13,512
	2011	14,835	-	-	14,835
	2010	14,977	-	-	14,977
Banque PSA Finance	2012	10,201	-	-	10,201
	2011	-	-	-	-
	2010	-	-	-	-
TOTAL	2012	2,670,968	3,929,592	3,870,876	10,471,436
	2011	2,665,688	4,286,015	3,751,222	10,702,925
	2010	2,763,135	4,040,614	4,749,685	11,553,434

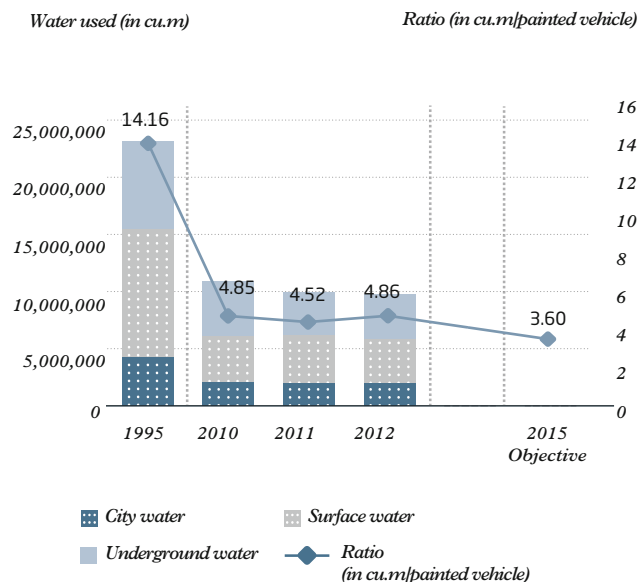
Water use in the PCA scope of reporting fell 2% compared to 2011.

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 2012, versus 86% in 2011 and 83% in 2010.

### Total Water Withdrawal by Source

(PCA)



Water used in manufacturing rose sharply in 2012 due to the extension of the scope of reporting and technical problems early in the year. The problems have been identified and corrective measures put in place and the Group expects to get quickly back on track to meet its 2013–2015 targets.

Total water withdrawals have remained at 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 the management and upgrading of recycling systems.

Geographically, 90% of water withdrawn was in the EU and 10% in the rest of the world.

### ANNUAL WATER WITHDRAWALS G.22 G.24

Conserving water is a key objective at every plant. As with energy, each plant has its own water consumption management plan based on the widespread use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems. 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.

Since 1995, these measures have led to a very sharp 66% reduction in water consumption per vehicle produced, thereby helping to conserve resources.

At the same time, there has been a threefold decline in water withdrawals per painted vehicle. PSA Peugeot Citroën set a target of 4 m<sup>3</sup>/vehicle in 2013 falling to 3.6 m<sup>3</sup>/vehicle in 2015.

This is how the Trnava and Rennes plants produced very good results in 2012, with respectively 1.2 m<sup>3</sup> and 1.6 m<sup>3</sup> per painted vehicle.

### 3.1.3.2. MATERIALS CONSUMED G.28

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 different factors as its importance in developing technologies for the vehicles of the future, the size and location of known or estimated reserves, political or logistical constraints to access, its cost, and its place in the market. 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 include synthetic raw materials. This new materials research strategy goes hand in hand with the Group's commitment to introducing more and more renewable materials, either recycled or bio-sourced, 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.

### CONSUMPTION OF RAW AND RECYCLED MATERIALS

(For PCA, standard parts)

The Group's 2012 raw materials use was as follows:

- ▶ directly: 880,000 tonnes of steel and 63,000 tonnes of non-ferrous metals (versus 1,125,000 tonnes of steel and 70,000 tonnes of non-ferrous metals in 2011);
- ▶ indirectly: 1,575,000 tonnes of steel, 195,000 tonnes of non-ferrous metals and 600,000 tonnes of synthetics, of which 18,000 tonnes of recycled materials (versus 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 – in 2011).

### PAPER USE ▲

The use of paper, for internal office printing or for outsourced brochures, marketing material, 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 largely 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 **G.22 G.24 G.41**

### 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<sub>2</sub>, SO<sub>2</sub> AND VOC EMISSIONS

##### Direct SO<sub>2</sub> and NO<sub>2</sub> Emissions by Business

(Automobile and Banking scope)

Unit: tonnes		SO <sub>2</sub>	NO <sub>2</sub>
PCA	2012	14.0	435.9
	2011	13.0	411.5
	2010	15.6	522.0
AP/AC	2012	7.5	44.0
	2011	8.0	46.6
	2010	14.8	56.5
PCI	2012	0.0	0.0
	2011	0.0	0.9
	2010	0.0	1.1
PMTG	2012	0.0	4.2
	2011	0.0	4.0
	2010	0.1	6.0
Banque PSA Finance	2012	0.0	0.0
	2011	-	-
	2010	-	-
<b>TOTAL</b>	2012	21.5	484.1
	2011	21.1	463.0
	2010	30.5	585.6

SO<sub>2</sub> = Sulphur dioxide – NO<sub>2</sub> = Nitrogen dioxide

Note: Direct emissions of SO<sub>2</sub>/NO<sub>2</sub> are based on primary energy consumption in 2012 and calculated in accordance with the regulations in force.

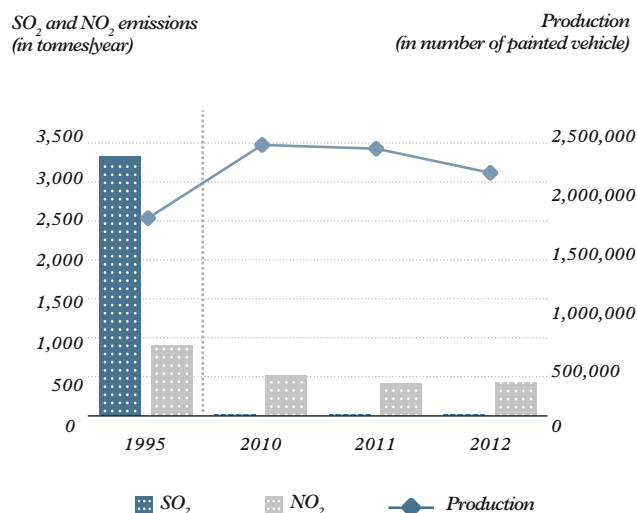
The Group is striving to cut PCA's use of the most polluting energies. At 31 December 2012, no manufacturing plant within the PCA scope of reporting had any LSFO facilities in operation,

which should improve atmospheric pollution within the PCA scope of reporting.

In the above table, data from Peugeot and Citroën brands were reported from the same percentage of sites as those reporting direct energy consumption.

## Direct SO<sub>2</sub> and NO<sub>2</sub> Emissions

(PCA)



Since 1995, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to

substantially reduce worldwide sulphur dioxide (SO<sub>2</sub>) emissions from the Group's power plants. In 2011, the Group stopped using high-sulphur fuel oils, thereby reducing SO<sub>2</sub> emissions to less than 15 tonnes from 2011, a level maintained in 2012.

At the same time, nitrous oxide (NO<sub>x</sub>) emissions have also declined sharply thanks to improvements in thermal power stations, and the choice of fuels (natural gas as a substitute for fuel oil). NO<sub>2</sub> emissions, which result directly from the combustion of natural gas at the various facilities, have stabilised at less than 500 tonnes.

Two major projects to modernise the main heating facilities at the Sochaux and Mulhouse plants, begun at the end of 2011 and due for completion in 2014, will make it possible to install new gas boilers integrating the best available technology particularly as regards efficiency, so helping reduce emissions of combustion pollutants. Also, the overhaul of Vesoul's heating system, which was begun three years ago and will end the plant's reliance on fuel oil, continues with the installation of a wood-fuelled boiler for on-site heating with a far lower CO<sub>2</sub> footprint.

Taken together, these reductions help improve air quality around Group sites.

The geographical breakdown of SO<sub>2</sub> emissions in 2012 was as follows: 97% in the EU and 3% in the rest of the world.

The geographical breakdown of NO<sub>2</sub> emissions in 2012 was as follows: 90% in the EU and 10% in the rest of the world.

## Paint Shop VOC Releases by Business

		VOC (tonnes)	Ratio (in kg/vehicle produced)
PCA	2012	6,597	3.30
	2011	8,059	3.65
	2010	8,390	3.75
PMTc	2012	4	
	2011	10	
	2010	4	
TOTAL	2012	6,601	
	2011	8,069	
	2010	8,394	

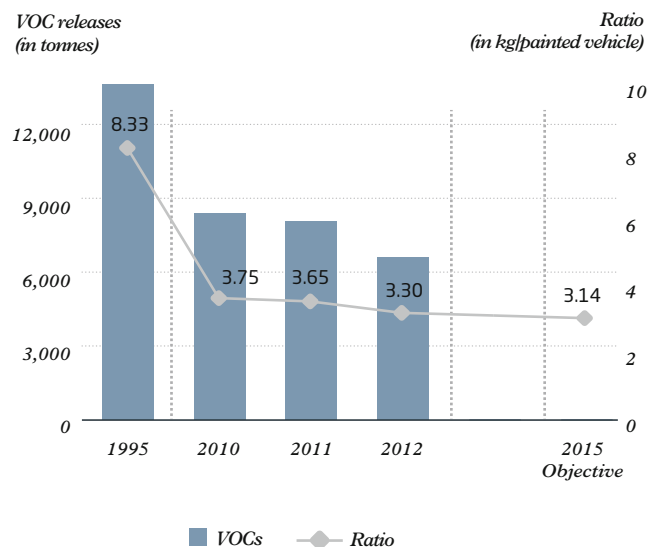
VOC = Volatile organic compounds

Note: Data do not include VOC emissions by the Kaluga assembly plant in Russia which began manufacturing in 2012. However, the painting process in this plant is based on water-based paints with low VOC emissions.

VOC emissions from PCA and PMTC paint shops 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.

## Paint Shop VOC Releases

(PCA)



Identified as ozone-producing pollutants by authorities in the late 1980s, emissions of volatile organic compounds (VOC) are closely monitored and an action plan to reduce them has been implemented.

At PCA, while volatile organic compound (VOC) emissions produced by PSA Peugeot Citroën's paint shops in France represent a marginal amount – 799,000 tonnes in 2012 or less than 1% of total annual French VOC emissions produced by human activity according to CITEPA's "Inventory of atmospheric pollutants and GHGs in France 2012" – they are the Group's main emissions-related environmental challenge on a plant-by-plant basis.

The strategy for reducing these emissions is being deployed in four areas, using Best Available Technologies:

- ▶ optimising paint shops by using processes with higher application efficiency to reduce the use of conventional paints and related solvents, by selecting low-solvent paints and by recycling used solvents;
- ▶ introduction of clean technologies since 1998 (water-based paints) in new paint shops, including the new Kaluga plant in Russia which has been equipped with this high-performing technology;
- ▶ installing air treatment equipment that incinerates VOCs on site;
- ▶ encouraging the sharing of experience and best practices among Group plants.

Deployment of this action plan has more than halved per-vehicle VOC emissions from the Group's paint shops in less than 15 years (60% cut per painted vehicle between 1995 and 2012) and enabled each facility to meet the limits set in the European Union Directive on reducing VOC emissions, which came into force in October 2007.

Continued systematic implementation of the best available technologies that are economically affordable in the current shrinking markets is enabling the Group to continue improving performance.

In 2012, VOC emissions were cut by 22%. This reduction will allow the Group to beat its target and achieve a ratio of 3.30 kg of VOC per painted vehicle. The sharp improvement owes much to a plan to manage and cut consumption of solvents, which has managed to significantly reduce emissions from the solvent-based paint shops and improved performance at the already low-emitting water-based paint shops.

At the Sochaux site, a modernisation plan for the paint shop is currently under way and will transform the three existing production lines. The impact of this modernisation should come in around 2015, helping meet the target of 3.14 kg of VOC per painted vehicle.

This process of managing VOC emissions (investment of resources, use of low-emitting products, etc.) also applies to surface treatments used by the mechanical component plants.

The geographical breakdown of VOC emissions in 2011 was as follows: 89% in the EU and 11% in the rest of the world.

### 3.1.4.1.2. USE AND EMISSIONS OF OZONE-DEPLETING SUBSTANCES

#### Use and Emissions of Ozone-Depleting Substances [6.24](#)

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), or electrical control enclosures or facilities.

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, refilling with recycled/reclaimed HCFCs is authorized through 2014.

In 2012, leaks of cooling fluids in French manufacturing units belonging to the Group totalled 10.7 tonnes, 91% of them HFCs. A breakdown by site is given in the GHG audits for each unit.

### 3.1.4.2. MATERIAL EFFLUENT DISCHARGE

#### GROSS EFFLUENT DISCHARGE, EX-WORKS

(Automobile and Banking scope)

Unit: kg/year		COD	DBO5	SM
PCA	2012	1,374,178	552,685	363,743
	2011	2,152,278	831,021	491,814
	2010	2,044,413	708,937	424,608
AP/AC	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
PCI	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
PMTC	2012	520	197	27
	2011	347	208	36
	2010	1,110	293	78
Banque PSA Finance	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
<b>TOTAL</b>	<b>2012</b>	<b>1,374,698</b>	<b>552,882</b>	<b>363,770</b>
	2011	2,152,625	831,229	491,850
	2010	2,045,523	709,230	424,686

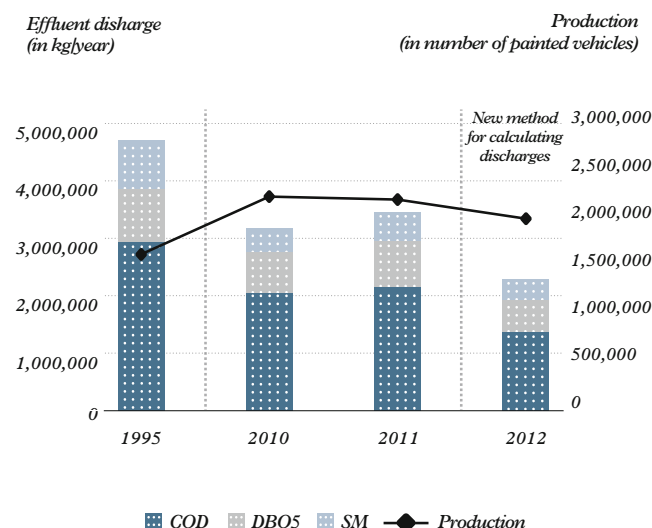
COD = Chemical oxygen demand – BOD5 = Biochemical oxygen demand after 5 days – SM = Suspended matter – N/A = Not available

Note: In 2012, the decline in these indicators of effluent discharges was largely due to a new calculation method which better assesses the real discharge rates at each site, replacing the previous method proposed by the French water authorities which relied on average flows and flows in peak months.

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.

#### CHANGE IN GROSS EFFLUENT DISCHARGE, EX-WORKS

(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 five 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.

The geographical breakdown of effluent discharges in 2012 was as follows: 97% in the EU and 3% 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 2012.

## DISCHARGES OF HEAVY METALS IN INDUSTRIAL EFFLUENTS

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 by using nickel-free green surface treatment technology. Although it has not yet met regulatory requirements regarding this replacement in all areas, the Group has rolled out the replacement initiative. Its plants at Mangualde, Madrid, Vigo, Rennes, Vesoul, Sevel Nord and Kaluga already use nickel-free green surface treatments.

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 G.22 G.24

#### ACCIDENTAL SPILLS IN 2012

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

In 2012, the Group had 11 significant incidents in its manufacturing facilities.

These included:

- ▶ an 8 m<sup>3</sup> leak of diesel from a service station at the Sevel Nord site;
- ▶ a fire in a testing facility at the Carrière-sous-Poissy research centre;
- ▶ a gas leak at a casting facility in Charleville;
- ▶ a 2 m<sup>3</sup> spillage of transmission oil at Trnava in Slovakia;
- ▶ leaks of cooling gases at various plants.

#### AMOUNT OF PENALTIES PAID FOLLOWING A LEGAL RULING CONCERNING THE ENVIRONMENT ▲

The Group did not have to pay any penalties in this regard in 2012.

## AMOUNT OF PROVISIONS AND GUARANTEES TAKEN FOR ENVIRONMENTAL RISKS G.23

The Group currently has no provisions or guarantees for environmental risks in its Automobile and BPF Divisions. However, regulations on financial guarantees apply to the Group's French manufacturing sites. The implementation of these new rules is being coordinated by the Environment Department and will come into effect in 2014.

### 3.1.4.4. MANAGING ODOURS AND NOISE

G.26 G.33

#### 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 surrounding natural habitats, 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 10 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 POLLUTION G.24 G.30

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.



## A COMMITMENT TO PROTECTING THE ENVIRONMENT

### 3.1. Managing environmental impact

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.

Whenever the Peugeot and Citroën Retail networks dispose of goodwill and property, the environmental unit of Peugeot and Citroën Retail (PCR) commissions soil analyses and in-depth diagnostics at the work sites identified as potentially most polluting. Where pollution is found, the Group implements Action Plans to deal with the pollutants in compliance with regulatory constraints, so as to make the land usable once sold.

#### 3.1.5. REDUCING WASTE G.22 G.25

Within the Automobile Division, PCA included, the Group's waste management policies are designed to reduce the amount of waste per vehicle produced and to promote the use of recovery and recycling channels to reduce the amount of landfilled waste.

Introduced in 1995, the policies, which exclude metal waste, have demonstrated their effectiveness:

- ▶ the weight of waste per vehicle produced has been reduced by 34%;
- ▶ 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 85% excluding metal waste.

In addition, nearly all scrap sheet metal, turnings and other metal waste is recovered and reused in steelmaking or in the Group's foundries.

When metal waste is taken into account, Group plants recover or recycle around 93% of their process waste.

The dealership network of Peugeot Citroën Retail France agreed a two-year national waste management contract with Veolia and Chimirec starting on 1 January 2012 and covering all hazardous and non-hazardous waste.

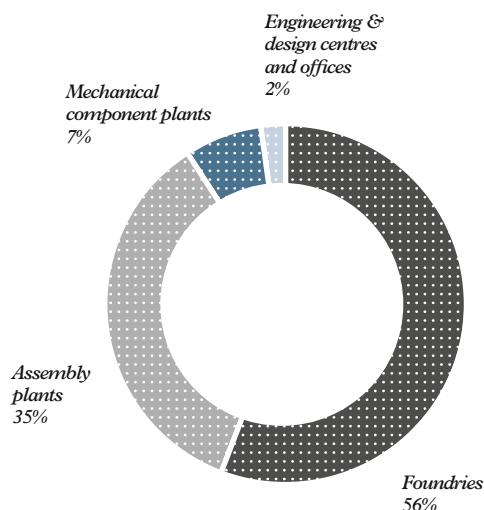
The contract covers manufacturing and functional scopes and covers waste sorting, processing, packaging, collection from sites, transport and awareness-raising and training of those working with waste produced in the dealership networks.

In addition, Group foundries purchased around 37,760 tonnes of outside metal waste (scrap, cast iron and aluminium) for reuse in 2012.

The other process waste, totalling 280,404 tonnes, breaks down very unevenly by facility as follows: 156,937 tonnes from foundries, 98,744 tonnes from assembly plants, 19,385 tonnes from mechanical component plants and 5,338 tonnes from engineering and design centres and offices.

#### WASTE PRODUCTION BY FACILITY ▲

(PCA in 2012, excluding metal waste)



Due to the nature of their operations, the Charleville and Sept-Fons foundries alone accounted for more than half of total waste volumes, or 78 kg per vehicle. Most of this waste is spent foundry sand, much of which is recycled internally after on-site regeneration.

#### 3.1.5.1 TOTAL WASTE PRODUCED BY TYPE AND DESTINATION

##### TOTAL WEIGHT OF WASTE BY BUSINESS

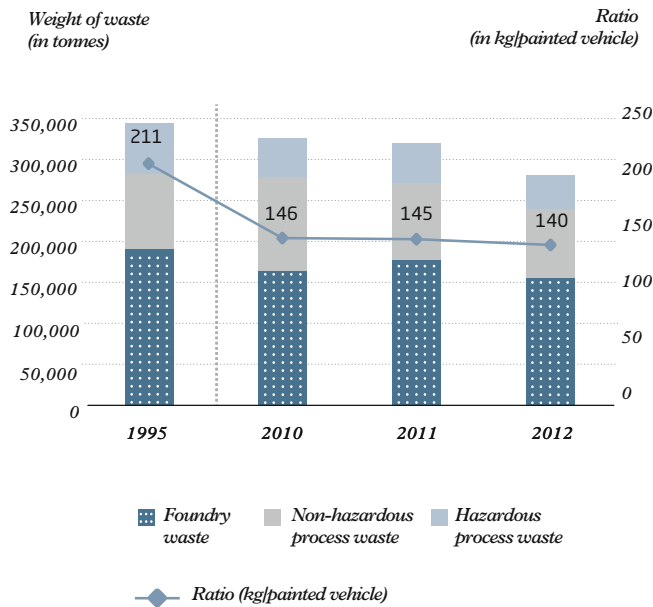
(PCA in 2012)

In 2012, Group sites produced 784,570 tonnes of waste.

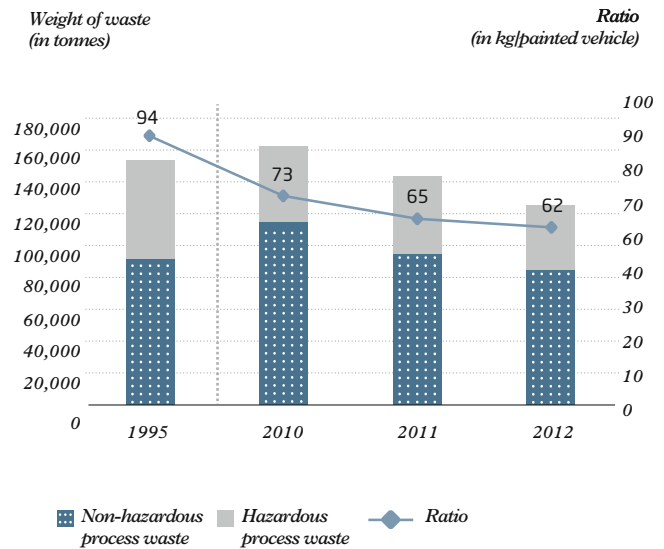
Most of this (495,185 tonnes) was metal waste, which is not included in the charts and tables below because all of it is recovered as a by-product and reused either in steel mills, or, for around 89,500 tonnes, directly in the Group's foundries.

## TOTAL WEIGHT OF WASTE BY TYPE

(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 140 kg in 2012. The weight of waste per vehicle produced has been reduced by 34%.

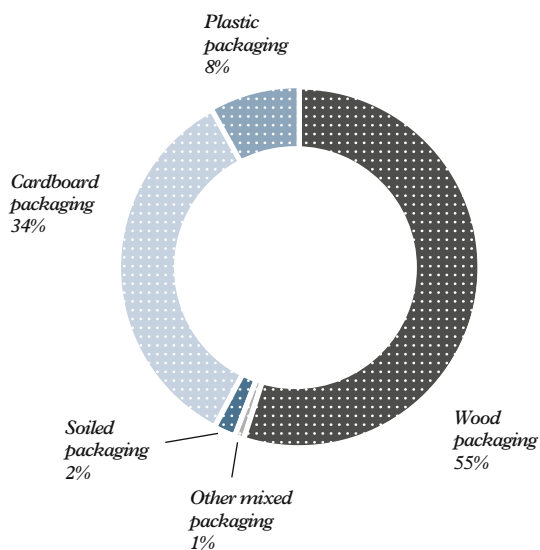
Geographically, 87% of the Group's waste in 2012 was produced in the EU and 13% in the rest of the world.

The amount of waste generated per vehicle stands at 62 kg in 2012, excluding foundry waste.

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

## PACKAGING WASTE

(PCA, in 2012)

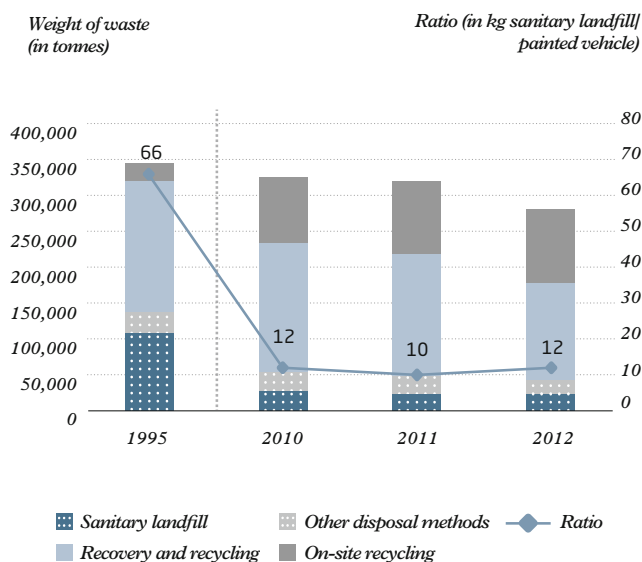


Primarily composed of wood and cardboard, packaging waste accounted for 52,004 tonnes in 2012 (compared with 54,473 tonnes in 2011), a decline of 5% in total non-metal packaging waste. A full 98% is classified as non-hazardous process waste and more than 90% is recovered, reused or recycled (99% in 2011).

The fall in recovery rate between 2011 and 2012 is linked to the inclusion in the scope of reporting of the Kaluga site in Russia where waste treatment channels are underdeveloped. Stripping out Kaluga, more than 99% of packaging waste was recovered, reused or recycled.

## TOTAL WEIGHT OF WASTE BY DISPOSAL METHOD

(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 78% reduction in landfilled waste between 1995 and 2012. Much of this progress has been driven by the on-site reuse of spent foundry sand, which has increased fivefold over the period.

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 82% excluding metal waste. Several plants again met their target of “zero landfill”: the Trnava and Sevel Nord plants reached this target for the first time in 2012, and the Poissy, Sochaux and Mulhouse plants no longer send any waste to landfill, except for the small amount imposed by law.

Office and research facilities in and around Paris sent no waste to landfill in 2012.

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 93%.

The decline in the waste channel indicators was largely due to the inclusion of the Kaluga plant in Russia within the scope of reporting. Russia has few alternatives to landfill.

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.

**Landfill:** 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	Internal recycling	Other treatments	Total
Foundry waste	2012	7,118	45,863	101,842	53	154,876
	2011	9,235	65,810	101,377	60	176,482
	2010	10,943	60,783	91,616	86	163,428
NHPW	2012	14,697	67,692	1,209	1,056	84,654
	2011	11,350	81,000	1,141	1,272	94,762
	2010	13,627	98,450	1,271	1,217	114,565
HPW	2012	1,821	21,341	-	17,711	40,873
	2011	2,515	23,321	-	22,888	48,724
	2010	2,935	20,761	-	24,221	47,917
TOTAL	2012	23,636	134,896	103,051	18,820	280,403
	2011	23,100	170,131	102,517	24,220	319,968
	2010	27,505	179,994	92,886	25,524	325,909

NHPW = Non-hazardous process waste – HPW = Hazardous process waste

The table above does not include the 495,185 tonnes of metal waste produced in 2012, nearly all of which was recycled.

The reduction in foundry waste from the previous year is related to the scaling back of production by the Group's two main foundries.

The amount of waste sent to landfill was unchanged between 2011 and 2012. However, this disguises a mixed performance. There was an increase in Russia where alternative disposal methods are underdeveloped while European factories continued to reduce landfill volumes in line with the Group's drive to cut its environmental impacts.

### Automobiles Peugeot and Automobiles Citroën

<i>Unit: tonnes</i>		Landfill	Recovery and recycling	Other treatment	Total
NHPW	2012	3,605	8,096	92	11,793
	2011	4,333	8,974	70	13,378
	2010	5,539	10,239	156	15,934
HPW	2012	554	3,526	187	4,267
	2011	850	3,595	169	4,613
	2010	1,543	3,149	292	4,984
TOTAL	2012	4,159	11,622	279	16,060
	2011	5,183	12,568	240	17,991
	2010	7,081	13,388	448	20,917

NHPW = Non-hazardous process waste – HPW = Hazardous process waste

Data from the Citroën and Peugeot brands concern on average 83% of their sites in 2012, versus 87% in 2011 and 91% in 2010.

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

The table above does not include the 2,171 tonnes of metal waste produced in 2012, of which 92% was recycled.

### PCI and PMTC

<i>Unit: tonnes</i>		Landfill	Recovery and recycling	Other treatment	Total
Foundry waste	2012	-	-	24	24
	2011	-	-	124	124
	2010	-	-	126	126
NHPW	2012	136	372	0	508
	2011	124	485	0	609
	2010	122	551	0	673
HPW	2012	9	173	313	495
	2011	2	138	515	655
	2010	6	130	482	618
TOTAL	2012	145	545	337	1,027
	2011	127	622	639	1,389
	2010	128	681	608	1,417

NHPW = Non-hazardous process waste – HPW = Hazardous process waste

The table above does not include the 313 tonnes of metal waste produced in 2012, nearly all of which was recycled.



## A COMMITMENT TO PROTECTING THE ENVIRONMENT

### 3.1. Managing environmental impact

#### Banque PSA Finance

<i>Unit: tonnes</i>		Landfill	Recovery and recycling	Other treatment	Total
NHPW	2012	28	0	0	28
	2011	-	-	-	-
	2010	-	-	-	-
HPW	2012	0	0	0	0
	2011	-	-	-	-
	2010	-	-	-	-
<b>TOTAL</b>	2012	28	0	0	28
	2011	-	-	-	-
	2010	-	-	-	-

NHPW = Non-hazardous process waste – HPW = Hazardous process waste

#### 3.1.5.2. CROSS-BORDER WASTE TRANSFERS

##### CROSS-BORDER WASTE TRANSFERS IN 2012 ▲

In 2012, 626 tonnes or around 0.2% of total waste produced (excluding metal waste) was shipped from France to other EU member states (Belgium).

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. PROTECTION OF NATURAL HABITATS AND BIODIVERSITY G.26 G.33

PSA Peugeot Citroën's carmaking operations do not intrinsically pose a high risk to the environment. The manufacturing facilities are quite large, however, due to the demands of mass-market production.

### 3.2.1. FACILITIES LOCATED NEAR PROTECTED AREAS

PSA Peugeot Citroën's global manufacturing base mainly comprises 22 production plants and 13 engineering & design centres and offices. Together, these 35 facilities cover around 3,901 hectares, of which 47% has been waterproofed. Waterproofing prevents water from leaching into the ground, which 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.

Facility	Operations	Surface area (sq. m)	Waterproofed surface area	Proximity to a regulated 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 G.26G.33

#### RESPECTING THE BIOLOGICAL BALANCE, PRESERVING BIODIVERSITY 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 conducted before the installation of any new plant facilities or equipment. In accordance with legislation, these studies are submitted to public hearings and to the approval of administrative authorities.

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.

Since facilities and the regions in which they are located have very different characteristics, each facility is granted considerable independence in setting up its biodiversity management programme. The plants in Rennes (France) and Madrid (Spain) have compiled flora inventories so that their open space management programmes can be adjusted accordingly. The production facilities in Porto Real (Brazil) and Sochaux (France) have rehabilitated land on which to plant indigenous species. Forests at the Belchamp and La Ferté Vidame sites have earned Pan-European Forest Certification (PEFC) for their sustainable management practices.

Sevel Nord has also compiled a biodiversity inventory of its site and launched an initiative to build 45 beehives. Aside from the symbolic significance of producing local honey, this is a good bellwether for the state of the local environment in and around the facility.

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

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. Scheduled to run through 2038, it 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, mainly by helping sustain native plant species, with the aim of restoring balance to the ecosystem. More than two million trees representing some 50 species have already been planted, over a total estimated surface area of 2,000 hectares.

The Amazon rainforest is home to more than half of the world’s terrestrial biodiversity.

In its first decade, the Peugeot carbon sink absorbed an estimated 53,000 tonnes of CO<sub>2</sub>, 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 awareness about 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 12<sup>th</sup> 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 in an amount corresponding to the value of 110,000 tonnes of atmospheric carbon dioxide captured by the reforestation project developed in the Cotriguaçu region of northwest Mato-Grosso State.

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.

In 2012, the Group, in partnership with all the Carbon Sink partners, launched the PETRA (*Experimental platform* for the management of the *rural territories* of the Brazilian *Amazon*) programme.

This will expand annual support for French and Brazilian researchers working in fields of priority interest to the project, forestry, biodiversity, carbon capture, etc. The project will also support the work of local small producers in developing appropriate agro-forestry systems.

In Slovenia, the local BPF subsidiary has implemented an operation in partnership with the “Slovenian Forests” association in which BPF sponsors the association’s work. All the POS displays for this operation are made from recycled paper.



# 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 the industrial ecosystems of the countries it operates in.

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. The Purchasing Department handles purchasing for Peugeot Citroën Automobiles (the Group's manufacturing and support business), and for the central management functions of Peugeot Automobiles and Citroën Automobiles. It also handles major purchases for the Group's banking business, Banque PSA Finance (BPF).

On 29 February 2012, PSA Peugeot Citroën announced a new global strategic alliance with General Motors that will leverage the combined strengths and capabilities of the two companies, contribute to the profitability of both partners and improve their competitiveness in Europe. The alliance is structured around three main pillars:

- ▶ the sharing of vehicle platforms, components and modules;
- ▶ the creation of a global purchasing joint venture for products and services with a combined annual purchasing volume of \$125 billion;
- ▶ a logistics agreement between GEFCO and General Motors.

The alliance will leverage the purchasing power of each partner *via* a global strategy for each product family, in order to maximise the potential synergies.

### 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 €23 billion in 2012, comprised of €3.8 billion for

non-standard parts and components and €19.2 billion for standard parts used in the production of vehicles and replacement parts.

On average, standard parts make up nearly 80% of a vehicle's production cost.

#### TOTAL WORLDWIDE PURCHASING EXPENDITURE

(In billion euros, in Europe and Latin America)

	2009	2010	2011	2012
<b>TOTAL</b>	<b>22.5</b>	<b>25</b>	<b>26</b>	<b>23</b>
o/w standard and replacement parts	17.2	20.5	22.5	19.2

€14 million of the non-standard parts and components purchases can be attributed to BPF; this division's total purchases amounted to just over €20 million in 2012. BPF's purchases consist mainly of

consulting and IT products and services, and do not pose any special issues related to risk management in general or CSR in particular. They are treated the same as other similar purchases by the Group.

## 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, helping managers to take key make-or-buy decisions. It works 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 include 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 for the Group's manufacturing or finances are subject to specific monitoring. 83 suppliers were the subject of preventive and remedial Action Plans in 2012, accounting for around 7.6% of total purchases. This compares with 68 suppliers accounting for 3% of total purchases in 2011. In terms of CSR, the Group uses information related to a supplier's country, products and processes to determine whether it should be classified as high-risk.

A cross-disciplinary unit comprising purchasing, finance, supply chain management, employee relations and CSR 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 support 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 LOCAL 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;
- using supplier development techniques;
- incorporating sustainable development criteria into its 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

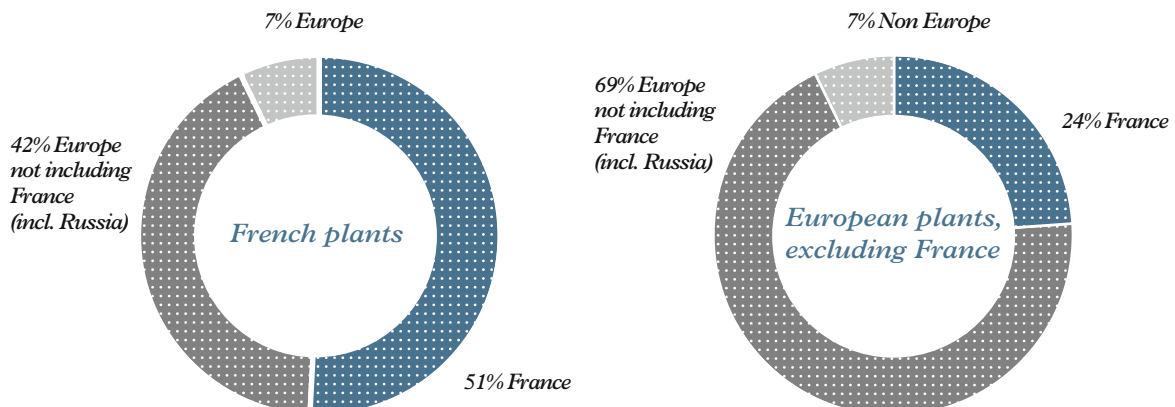
#### LOCAL CONTENT IS A MAJOR FOCUS OF PSA PEUGEOT CITROËN'S PURCHASING STRATEGY

- In Latin America, an average of 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 components comprise around 65%.
- 93% of the parts used in the Group's plants in France are sourced in Europe.
- In Central and Eastern Europe, the percentage of locally-sourced parts at the Trnava, Slovakia plant rose from 5% in 2005 to 53% at end-2012.

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 Purchasing Department's 1,345 employees are located in or near the Group's target markets.

#### Origin of Standard Parts by Location of Vehicle Production Plants



Region of production of the standard parts, as a percentage of 2012 standard/replacement parts purchasing expenditure.  
Europe: European Union

#### TWO EXAMPLES OF THE GROUP'S COMMITMENT: THE FRENCH AUTOMOTIVE INDUSTRY AND THE BRAZILIAN CLUSTER

Since the French government's February 2009 Automotive Summit, the government and car manufacturers have been working together to bolster the country's automotive industry. PSA Peugeot Citroën has continued to step up its efforts in this regard, assigning four regional delegates to work hand-in-hand with government agencies to support Tier 1 and Tier 2 key account suppliers. More than 10 PSA Peugeot Citroën managers actively participate in the French government's automotive industry support platform (PFA), France's 14 regional automotive industry associations (ARIAS), and the country's competitive clusters. The Group also provides financial

assistance to these organisations. Half of the PFA's funding for the next two years, which should amount to some €10 million, is slated to come from France's main car manufacturers and parts suppliers.

The PFA's mission is spearheaded by four committees and rolled out in the regions by the ARIAS, and aims to:

- restructure strategic and particularly vulnerable areas of the automotive industry;
- boost automotive companies' skills by promoting industrial excellence and implementing CSR policies;
- focus innovation on the industry's main strategic and societal challenges;
- develop skills in emerging automobile- and mobility-related fields while making the industry once again attractive;



- work with regional economic development organisations to support local companies and create local jobs.

In mid-2012, two large car manufacturers and several Tier 1 suppliers joined forces to create a working group on CSR in the French automotive industry. This working group aims to identify the CSR best practices at each member company and standardise them across working group members, so that they can be more easily implemented across the industry. One of the working group's key focus areas is responsible purchasing policies, including methods for auditing and supporting suppliers along the entire supply chain, in order to establish standardised practices and ultimately develop industry-wide guidelines.

PSA Peugeot Citroën is also a major contributor to the French government's Automotive Parts Suppliers' Modernisation Fund (FMEA), providing a third of the Fund's capital. The FMEA plays a key role in supporting the industry's small- and medium-sized businesses.

Building on its success in creating an automotive industry cluster in Galicia, Spain (the CEAGA), PSA Peugeot Citroën – in association with other car manufacturers and parts suppliers – initiated a project

in 2012 to create another such cluster around its production plant in Porto Real, Brazil. The cluster will aim to boost the local industry's competitiveness and foster local economic development through partnerships with public- and private-sector organisations like local parts suppliers, universities, and government agencies.

### FRANCE'S LEADING BUYER FROM THE PROTECTED SECTOR (WORK ASSISTANCE SERVICES AND ESTABLISHMENTS)

- 2012 budget in terms of value added purchased (calculated as budget - cost of components and parts): €35 million.
- 4,520 industrial products.
- Six major associations including five near PSA Peugeot Citroën sites.
- 2,005 people employed, of which 1,849 in manufacturing, corresponding to 2.23 points of the percentage of handicapped employees at Peugeot Citroën Automobile (PCA) France.

## 4.1.3. STRENGTHENING SUPPLIER RELATIONSHIP MANAGEMENT

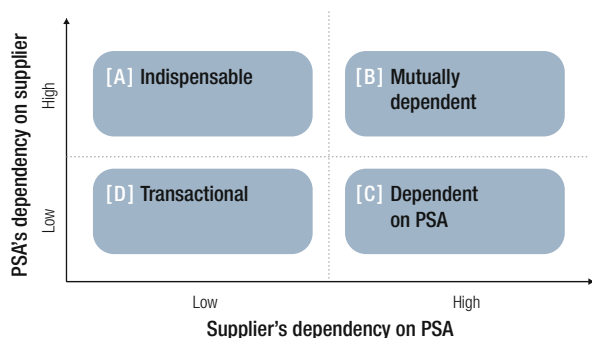
### A SUPPLIER RELATIONSHIP MANAGEMENT (SRM) PROCESS GOVERNED BY CLEARLY DEFINED PRINCIPLES ▲

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.



Each business model corresponds to a specific supplier relationship management method, built around 13 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 Group's purchases in 2012 were from the following 20 suppliers: Aisin Seiki Co. Ltd., Arcelor Mittal, Colis Lamiere Nistri s.p.a., *Compagnie Générale des Établissements Michelin*, Continental AG, Corporación Gestamp SL, DPH Holdings Corporation (Delphi), Faurecia, Financière SNOP Dunois, Johnson Controls Inc., JTEKT Corporation, Lear Corporation, Leoni AG, Magneti Marelli s.p.a., Plastic Omnium, Robert Bosch GMBH, Total SA, TRW Automotive, Valeo, and Visteon Corporation.

As of 1 January 2012, PSA Peugeot Citroën sourced standard and replacement parts in Europe from 1,029 supplier firms or groups, for a total of 1,691 companies. Only around 30 of PSA Peugeot Citroën's main Latin American suppliers are represented only through Mercosur or are just a minor part of a company working with Europe (through a joint venture with a local business, for example).



#### 4.1. Excellence in supplier relations: a supply chain commitment

- **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 customers,
- 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 quality, general conditions for external supplies, company employees, sustainable development, etc.

Relations with strategic suppliers are managed at the executive level.

At end-2012: 13 suppliers were designated as “strategic”.

Target for 2015: 20 suppliers designated as “strategic”.

- **Major suppliers:** Technical know-how that is recognised and promoted by the Group.

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.

At end-2012: 49 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 G.39 G.42

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:

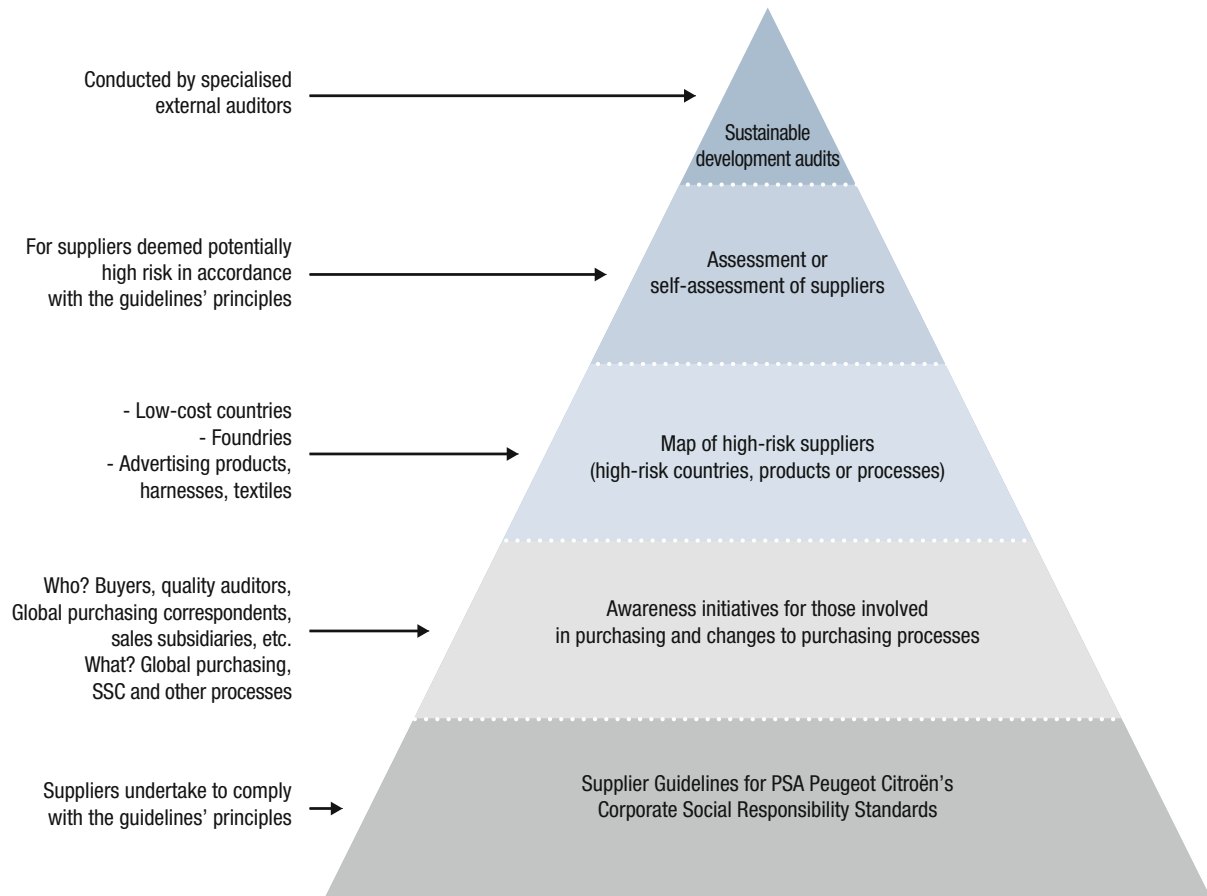
- ▶ backed by a personal commitment from managers. Since 2010, the Group's Code of Ethics makes specific reference to the integration of ethical and environmental criteria in supplier relationship management. The Code has already been signed by all of the Group's executives and senior managers and is now being deployed for signature by other employees; over 20,000 employees had signed as of end-2012;
- ▶ 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. Nearly 850 suppliers had made this commitment as of end-2012, accounting for 92% of the purchasing 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 360 people have been trained in Europe and just over 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, products or processes. Since 2010, around 40 social and environmental audits have been conducted among Tier 1, Tier 2 and Tier 3 suppliers and around 10 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.

## 4.2. GLOBAL AND LOCAL CORPORATE CITIZENSHIP G.35 G.37

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, the Group is focusing on projects that are useful to the community while seamlessly capitalising on its core carmaking competencies.

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

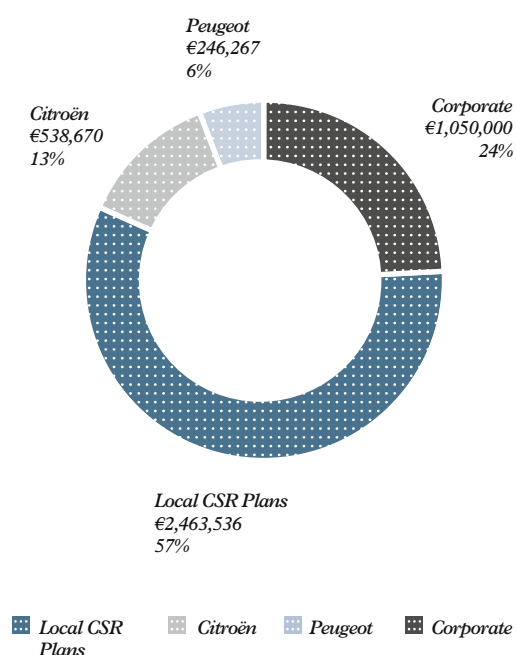
Created in 2000 and bringing together scientists, sociologists and urban planners, the City on the Move Institute (IVM) finances research projects and trials to explore the mobility of tomorrow. PSA Peugeot Citroën allocated €1,050,000 to IVM in 2012.

In addition to IVM, the Group expresses its corporate citizenship and commitment to the community through four channels:

- ▶ the World on the Move Foundation, created in 2011 to support social, educational, cultural and environmental projects in the field of mobility. The Foundation is active around the world, with a strong local presence in the Group's host countries. It has a five-year budget of €10 million (€2.2 million was allocated in 2012);
- ▶ Local CSR Plans at the Group's production plants and office facilities. These Plans, first implemented in 2005, support local development initiatives (€2,464,000 was allocated to these Plans in 2012);
- ▶ corporate Philanthropy programmes, through which €1,050,000 have been allocated to IVM and the Peugeot Industrial Heritage Endowment Fund;
- ▶ CSR initiatives supported by the Citroën and Peugeot brands (€785,000 allocated to these initiatives in 2012).

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

(2012)



Local CSR Plans are implemented at a site level and demonstrate the Group's commitment to playing an active role in its host communities.

Excluding the Corporate Foundation, the Group spent €3,248,443 on corporate citizenship initiatives in 2012, broken down as follows:

- ▶ donations or loans of equipment and vehicles: 44%;
- ▶ employee time (euro equivalent): 22%;
- ▶ cash donations and grants: 21%;
- ▶ committed funding: 12%.

Local CSR Plans allocated their resources to the following areas in 2012:

- ▶ local development (39% of expenditures);
- ▶ mobility-related projects, including road safety (23% of expenditures);
- ▶ arts patronage (21% of expenditures);
- ▶ youth and educational outreach (10% of expenditures);
- ▶ environmental stewardship programmes (6% of expenditures);
- ▶ social and charitable programmes, excluding humanitarian disasters and emergencies (1% of expenditures).

### 4.2.1. THE PSA PEUGEOT CITROËN FOUNDATION: SUPPORTING MOBILITY FOR ALL G.35 G.37

Created on 11 July 2011, the PSA Peugeot Citroën Foundation supports social, educational, cultural and environmental projects related to mobility, an area in which the Group has been active for more than 100 years. This mission is embodied in the Foundation's "A World on the Move" slogan.

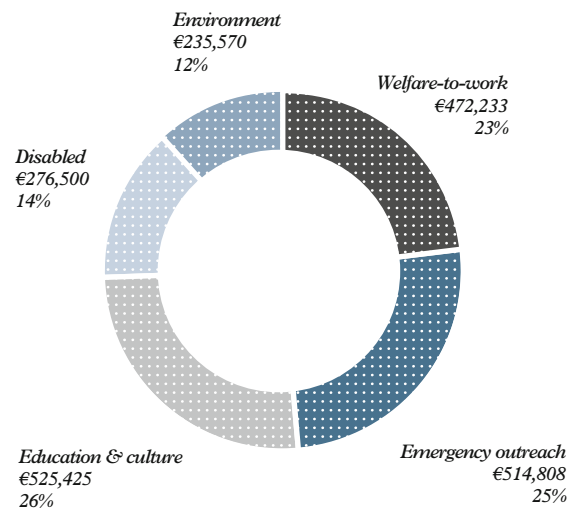
- ▶ The Foundation's governance system, which was established on 11 July 2011, comprises the following:
  - ▶ a Board of Directors, which has nine members (two founders, four representatives of Group units and three outside representatives). Its Chairman is the Chairman of the Managing Board, while its Vice-Chairman is Marie-Hélène Roncoroni, member of the Supervisory Board,
  - ▶ a 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 (79% of its projects are in France and 21% abroad). The initiatives come from associations, NGOs and employees, or grow out of projects supported by Group sites through their Local CSR 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 provides support in the form of funding, equipment, or personnel.

In the 18 months since the Foundation has been active, it has provided support in the form of funding, equipment, and volunteer time to 138 projects, drawing on a network of 20 regional delegates and over 80 PSA Peugeot Citroën employee volunteers.

By end-2012 the Foundation had donated a total of €3.1 million to various charitable organisations, including €2.2 million in 2012 alone. These donations target five key areas:

- a. mobility and welfare-to-work programmes to help the unemployed find jobs (23% of 2012 donations);
- b. mobility and emergency outreach programmes to help the poor, homeless, and those in need of humanitarian aid (25% of 2012 donations);
- c. mobility and educational and cultural programmes to promote equal opportunity and give a second chance to at-risk youth (26% of 2012 donations);
- d. mobility and disability programmes to give the disabled greater independence and an improved quality of life (14% of 2012 donations);
- e. mobility and the environment initiatives to build awareness about sustainable mobility and the preservation of biodiversity (12% of 2012 donations).

#### Budgets Allocated by the Foundation in 2012, by Project Category



#### MOBILITY AND WELFARE-TO-WORK

- ▶ **Welfare-to-work schemes in France:** The Foundation supports community organisations in urban and rural areas that offer mobility services to people referred by social services. The goal is to remove the obstacles for the unemployed to receive training or find a new job. The mobility services are provided for free or at a reduced rate, and include mobility platforms, driving schools, services targeted to young people, and car repair, rental, and purchasing services.
  - ▶ **Mobility platforms:** These platforms offer a range of different mobility services for a given region, such as mobility assessments, reduced-rate car rentals, carpooling, door-to-door transportation services, and assistance for obtaining a driver's license.
- Mobilex:** This not-for-profit organisation, based in Bischwiller in eastern France, offers transport services to people who face obstacles finding a job because they live in an area without good public transport. Its services are available to job seekers, welfare recipients, and people under 26 years old, and are designed to help them get to and from training classes, job interviews, and their workplace. Mobilex helps around 1,500 people each year through four types of services: counsellors who give personalised advice on finding the right mobility solution; car and motorcycle rental services; assistance for obtaining a driver's license; and door-to-door transportation services. As a French state-certified welfare-to-work centre, Mobilex also employs 12 people who are being trained on car mechanics and personal transport. The Foundation financed the purchase of eight new motorcycles and three new scooters for Mobilex's fleet, and supported the hiring of new counsellors in two rural areas. These counsellors work with assistance-seekers to perform mobility assessments, identify their mobility needs, and put the right solution in place.



- **Mobility services:** The Foundation supports community organisations in urban and rural areas that offer mobility services to people in need; these services include transportation for the elderly, door-to-door transportation, carpooling, and car hire services.

**Régie de Quartier de Bron:** This not-for-profit organisation is based in Bron (near Lyon, France), where the number of people over the age of 75 rose sharply between 1999 and 2006 – creating special mobility needs. In response, the organisation launched the Mobi-seniors initiative to provide the elderly with a car service manned by drivers enrolled in back-to-work programmes. The goal is to prevent the elderly from becoming isolated and to build intergenerational ties. Mobi-seniors is not only a useful shuttle service, it also provides personal support and an opportunity to create social bonds. Mobi-seniors has been running since September 2012 and has already helped over 20 people. The Foundation donated the car used by the service.

- **Driving schools:** The Foundation supports reduced-rate driving schools for job seekers, welfare recipients, and at-risk youth. These schools aim to break down a significant barrier to employment by giving disadvantaged people the opportunity to obtain an otherwise-too-costly driver's license.

**Jade:** This driving school was founded 25 years ago by a group of social outreach workers at a housing estate just outside Paris. The founders realised that young people in their neighbourhood needed more concrete achievements to beef up their CVs to find jobs. Obtaining a driver's license could certainly be considered an achievement and illustrates a sense of responsibility, but the teaching methods used at conventional driving schools are not well-suited for these young people and the schools are too expensive. Jade today gives lessons to around a hundred people each year – local youth as well as welfare recipients from the housing estate. Jade also acts as a welfare-to-work programme, helping people assess their education, family situation, and professional objectives, and come up with a personalised action plan. Jade was one of the first driving schools in France to teach ecodriving techniques, which it began doing a year ago. The Foundation, in association with Mobigreen, provides funding for ecodriving lessons with driving instructors. The goal is to teach students not only the basics of proper driving, but also how to operate a vehicle in a way that boosts energy efficiency and lowers fuel consumption.

- **Mobility for at-risk youth:** The Foundation supports community organisations that help at-risk youth get back on track and find jobs – objectives for which mobility plays a key role. The Foundation's support consists of financial assistance for obtaining a driver's license, transport subsidies, and reduced-rate motorcycle rentals.

**Frateli:** This not-for-profit organisation helps young people from modest backgrounds who performed well in high school and who are enrolled in a higher education programme on scholarship. The organisation assigns a mentor to each student to accompany him or her throughout his or her studies. The mentors have between one and 10 years' professional experience, and provide moral support, help students manage their workloads, offer career orientation advice, and invite students into their professional networks. Today Frateli boasts 900 students and 900 mentors, bringing in 250 new students and mentors each academic year. It also provides financial assistance to cover unexpected or higher-than-expected costs, school and entrance exam registration fees, and moving costs – as well as commuting costs, for which the Foundation provides a "mobility grant". This grant is intended to help students who live in areas without good public transport and who would otherwise have a long or difficult commute to school. In 2012 the Foundation financed 28 driver's licenses and the commutes of 64 students.

- **Garages:** The Foundation supports reduced-rate garages for welfare recipients, where they can have their car repaired or rent or buy a car at special prices. These garages also hire the unemployed to help them return to the workforce.

**Roul'bien:** Roul'bien, in Le Creusot, France, will begin offering welfare recipients three types of services: car repair, car purchase, and the loan of a car while theirs is being worked on. To help Roul'bien get started, the Foundation financed the purchase of essential tools and equipment like a hydraulic ramp. The garage aims to hire eight employees (mechanics and office staff) from the local unemployed.

## MOBILITY AND EMERGENCY OUTREACH

The Foundation supports NGOs that send people out in the field to help those in dire need of assistance, like impoverished families, the homeless, and the elderly and disabled living alone. Around 25% of the Foundation's donations in 2012 went to these types of organisations.

- **Samusocial of Paris:** PSA Peugeot Citroën began working with this municipal humanitarian aid organisation in 1997 by providing utility vehicles for its first mobile aid unit. And since 2000 the Group has been paying the vehicle rental fees for the organisation's night-time patrol unit. In 2012, the Foundation further expanded its support by helping to finance the night-time patrol operating costs.

PSA Peugeot Citroën employees also occasionally volunteer their time to support the organisation's field staff and telephone hotline. For instance, in 2011 they provided around 100 man-days of driving services provided by volunteers performing action research on the health of the homeless. The research project was carried out by the Samusocial Observatory and financed in part by the Foundation. The Foundation has also taken over the search for volunteers for Samusocial. Samusocial of Paris was founded in 1993 to provide emergency assistance to the city's homeless. It offers them shelter and provides essential medical, psychological, and social services. Some 11,200 people receive aid from the organisation each year. Samusocial of Paris also looks after some 19,000 families in emergency housing in 376 hotels; half of these families are single mothers and their children.

- **Action Contre la Faim:** This NGO provides food to hungry people around the world. It recently sent personnel to the Sahel to support populations threatened with a hunger crisis. The Foundation donated two vehicles that were vital for transporting food and medicine and carrying people to clinics in Burkina Faso, Mali, Mauritania, Niger, and Chad.

- **Trnavská ArciDiecézna CHarita:** The Foundation financed the purchase of a vehicle for this Slovakia-based NGO, so its team of aid workers can go out and provide vital support to the homeless, elderly, and impoverished in the city of Trnava. The organisation works with a team of nurses who assess these people's needs in terms of medical equipment and care and perform first aid. Founded in 1995, the organisation now helps over 300 people each year.

- **Italian Red Cross:** The Foundation provided funding for a utility vehicle so Italian Red Cross staff can provide home care for the poor. Thanks to this vehicle, staff can assess poor families' conditions on-site and give them basic food, personal hygiene products, and clothing. The service has already assisted around a hundred families in Milan; the Italian Red Cross now plans to expand it to Milan's suburbs and surrounding towns.

- ▶ **French Red Cross:** The Foundation's support to the Italian Red Cross illustrated the Red Cross' growing need for mobility solutions. So, in 2012 the Foundation launched a new programme with the French Red Cross, called "Red Cross on Wheels". This nation-wide initiative aims to reach out to isolated families and individuals in response to the country's higher rates of poverty, aging population, scaled-back public services, and difficult-to-access areas. The Foundation decided to join forces with the Red Cross in order to take long-term action to overcome these challenges. In 2012 the organisations mapped out a set of best practices for mobile care units, which were then used to establish operating procedures and identify the required equipment. In 2013 the partnership's three-year-long efforts will materialise in a set of mobile care units funded by the Foundation. These units will go out to families to provide basic food and clothing, psychological support, and social outreach. The mobile care units will serve anyone in need, and are intended to provide a warm, welcoming place to combat loneliness. They will be adapted to the specific needs of each community they visit. This initiative is part of the French Red Cross' strategy to develop new ways of providing care while encouraging autonomy, to offer a large palette of services that can meet the specific needs of different families, and to reach out to people in need wherever they may be. With its Red Cross on Wheels initiative, the Foundation hopes to make it easier to provide humanitarian assistance to anyone who needs it, including those living alone or in hard-to-reach areas.
- ▶ **Maison Des Ados de la Corrèze:** This counselling centre for teenagers in Corrèze, France, had the clever idea to create a mobile unit that can go out and reach teens who cannot travel to the centre. The mobile unit gives these youngsters a confidential place to discuss their problems anonymously and free of charge. The Foundation helped the centre purchase a minivan that can park near local schools. In the 18 months since it was created, the mobile unit has assisted some 400 teenagers, 60% of which were middle-school students.
- ▶ **Enfance Partenariat Vietnam:** This Vietnam-based NGO recently opened a workshop for repairing motorcycles at its youth centre in Long Hai. The centre supports around a hundred disadvantaged youth; the workshop – for which the Foundation provided tools and an instructor – gives around 15 of them vocational training so they get a head start in the job market. The centre aims to eventually train 50 students a year.
- ▶ **Culture:** The Foundation supports initiatives related to mobility and culture, in order to reach out to those who do not have access to or cannot travel to cultural venues. The Foundation also backs mobility-themed cultural events intended for the general public.
- ▶ **MuMo, the mobile museum:** MuMo is the world's first mobile museum created exclusively to take modern art to children. It travels to where they are – like schools and recreational centres – so they can discover the exciting world of modern art. The museum was born from a belief that art is an excellent way to open minds and foster the sharing of ideas. MuMo was designed by renowned architect Adam Kalkin and takes the form of a shipping container that can be installed on the back of a truck. The container opens to reveal four distinct areas underneath a monumental sculpture by contemporary artist Paul McCarthy. The museum boasts a collection of works from world-famous artists like Daniel Buren, James Turrell, and Huang Yong Ping. On its first tour, which ran from October to December 2011, MuMo stopped at around 20 French cities, crossing the country from north to south, before heading on to Cameroon, Benin, and Senegal. The globetrotting museum has already travelled some 18,000 km and delighted over 20,000 children. This marks the second year in a row that the Foundation is supporting MuMo; this year the museum will cross France from west to east with stops at the Group's plants in Metz and Mulhouse, where 150 children of employees will be anxiously waiting.
- ▶ **Pro Musicis:** This not-for-profit organisation promotes the careers of young world-class musicians and helps share their artistic inspiration with children and adults who do not have easy access to concerts. Every year it gives out the International Pro Musicis award to the most promising young performers, and puts on concerts featuring the winners for the general public. In return, the winners also give two free "sharing concerts" with the same programme (one in the Paris region and one in another French city). The Foundation supports Pro Musicis, which brings the beauty of music to over 1,500 people every year.
- ▶ **Cité de l'architecture et du patrimoine:** This Museum of Architecture and Architectural Heritage – located in Paris, France – recently put on an exhibition called "Circulate: How Movement Shapes our Cities". The Foundation sponsored this exhibition, which traces the role that transportation has played in the development of cities. It ran from April to August 2012 and attracted some 45,000 visitors. The exhibition also included a fun path that evokes all the senses to propel visitors into the city of the future.

## MOBILITY AND EDUCATIONAL AND CULTURAL ACTION

26% of the Foundation's donations in 2012 went to 18 initiatives in the field of education and culture, mostly in France.

- ▶ **Education:** The Foundation believes that by using mobility to give at-risk youth greater access to educational and cultural programmes, it is also promoting equal opportunity and giving these youth a second chance. That's why it works hand-in-hand with community organisations focusing on these issues, in both urban and rural areas.
- ▶ **Sport dans la Ville:** This not-for-profit organisation aims to help young people from at-risk neighbourhoods in greater Lyon forge social ties and find gainful employment. It does so by building and maintaining sports centres around France; it has already constructed 21 in the Lyon region and one in the Paris region. These centres hold physical fitness classes every Wednesday and Saturday, with the goal of promoting solid values like respect, diligence, and hard work. The centres serve some 3,000 young people each year, who remain involved with their centre for an average of eight years. The centres also offer job support programmes targeted to different age groups. For 14- to 20-year-olds, the "Job in the City" programme matches them up with mentors to prepare for the world of work. For 7- to 11-year-olds, the "Apprenti'Bus" programme – sponsored by the Foundation – offers an original, fun way to develop reading, writing, and speaking skills. Every afternoon when children get out of school an attractively-designed bus waits for them near the centre. Special classes are given on the bus to help sharpen their skills. In 2012 the hardest-working students were given a special reward; the Foundation, in association with the Peugeot brand, treated them to a day at the French Open tennis tournament on its "Children's Day" in May.



## MOBILITY AND DISABILITY

The Foundation supports 16 initiatives in France and abroad that offer mobility solutions to the physically and mentally handicapped, so that mobility is no longer an obstacle but a springboard to greater independence and an improved quality of life.

- **Avenir Dysphasie\***: This charitable organisation provides support to parents of children with specific language impairment (SLI), helping them find suitable medical care and schooling. It also helps young adults with the disability enter the workforce. Not having a driver's license can be a major obstacle to employment, but most driver's license testing centres are not equipped for people with SLI. That's why Avenir Dysphasie recently set up pre-driving-school training classes on the French Traffic Code; the Foundation has financed four of these classes. These classes are tailored to individuals with SLI, so they can get a head start before joining a regular driving school. 40 people took the classes in 2012, reflecting a growing demand for such services. Avenir Dysphasie plans to offer the classes in the Alsace region of France as well.
- **Fundación Bobath**: At the treatment centre run by this Spanish foundation, 200 handicapped children receive daily physical therapy to develop their motor skills. The PSA Peugeot Citroën Foundation helped finance the purchase of a vehicle with a wheelchair ramp that can take children with cerebral palsy to their physical therapy sessions. The goal is to enable them to do more things on their own – like feeding themselves and using a computer – and help them be a part of mainstream society.
- **Institut Médico-éducatif Marie-Jeanne Sirlin**: This medical rehabilitation institute in the Alsace region of France offers athletic and psychomotor development activities to people with a mental disability. The Foundation financed the purchase of three therapeutic bicycles and three specially-adapted tricycles that families can also borrow, like for weekend outings, for example. The institute consists of five centres each specialised in a different age group, from preschoolers all the way to the elderly. The centres provide care to around 200 people.

## MOBILITY AND THE ENVIRONMENT

The Foundation supports numerous mobility-related environmental initiatives targeting the general public; these initiatives include awareness campaigns for sustainable mobility and travelling exhibitions on ecology and biodiversity. Around 12% of the Foundation's donations to NGOs in 2012 went to these types of initiatives.

- **All China Women's Federation**: The Foundation has teamed up with PSA Peugeot Citroën China to support this Federation, founded in 1949, in a programme to build awareness about sustainable mobility among Chinese children and their parents. The programme was launched in 2011 and is slated to last five years. The Foundation provided funding for educational brochures and posters for schoolchildren in Beijing, Guangzhou, and Shanghai – an initiative that should be expanded to other Chinese cities as well. PSA Peugeot Citroën employees also take part in the programme by volunteering their time to hold workshops and chaperone school outings, for example. 132 employees participated in the programme in 2012. The programme has reached 800,000 children and their families since it was launched, and in 2012 won the China's Best Corporate Citizenship Award given by Chinese newspaper *21<sup>st</sup> century Business Herald*.
- **Office pour les Insectes et leur Environnement**: This not-for-profit organisation, based in Guyancourt (21 km south-west of Paris), aims to teach children and their parents about the important role that insects play in our ecosystems. Since the organisation's insect museum Maison des Insectes was closed in July 2011, it has been travelling to schools and communities to continue its awareness-building mission. The Foundation helped finance the purchase of a vehicle decorated like a yellow school bus and fitted to contain the organisation's teaching materials. Thanks to this bus, the organisation can reach out to a broader audience and take part in conservation-related events across the country. It aims to reach 15,000 children and adults each year.

\* *Dysphasie is French for specific language impairment (SLI), a language disorder that delays the mastery of language skills in children who have no hearing loss or other developmental delays. It is often accompanied by a developmental reading disorder (dyslexia). Around a million people in France suffer from SLI.*



## 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.

### THE CITY ON THE MOVE INSTITUTE (IVM)

See Chapter 2 for information about the City on the Move Institute.

### FRENCH 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.

The Road Safety Foundation will sponsor three main projects, which have been open to bids. The topics for the first three projects are: risks to people like pedestrians and motorcycle drivers; risk factors like alcohol; and long-term issues like forging infrastructure and new approaches to road safety and vehicle usage.

The fourth project will focus on the following three key research topics in road safety, to either complement or reinforce research done by other organisations (bidding for this project will close in March 2013):

- ▶ the aetiology of accidents and their consequences;
- ▶ better-performing computer systems for road safety;
- ▶ new approaches to move towards "zero victim" accidents (no deaths, serious injuries, or handicaps).

### 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 19<sup>th</sup> 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 CSR PLANS AT GROUP SITES

PSA Peugeot Citroën is a key player in most of the local economies where it operates, and as such strives to be a responsible corporate citizen of its communities. All its major sites (both production plants and office facilities) have developed Local CSR Plans outlining the actions they intend to take in line with the PSA Peugeot Citroën Foundation's focus areas.

These Plans, first introduced several years ago, facilitate dialogue both within the Group and among other stakeholders in the community. They are implemented at most major sites in France and around the world, and complement the Foundation's sponsorship efforts.

The sites' Local CSR Plans focused on the following areas in 2012:

- ▶ the environment (biodiversity conservation, education, and awareness);
- ▶ local economic development (jobs, training, welfare-to-work schemes, and the solidarity economy);
- ▶ mobility, including road safety and ecodriving;
- ▶ youth and educational programmes;
- ▶ charitable aid for basic necessities like food, clothing, and healthcare (excluding disaster relief);
- ▶ cultural and philanthropic programmes.

In 2012 the majority of the initiatives involved mobility and local economic development.



## LOCAL ECONOMIC DEVELOPMENT

Local economic development here refers to training, employment, welfare-to-work schemes, and programmes for the disadvantaged. It accounted for nearly 39% of spending under Local CSR Plans in 2012. For instance, several sites donate computer equipment and mechanical parts (like gearboxes, engines, and transmissions) to vocational training schools, and Group plants arrange numerous school visits so children can learn about the world of manufacturing. Some experts working at the plants also participate in exchange programmes with university professors and/or students to share their knowledge.

Among the long-term initiatives, the PSA Peugeot Citroën plant in Brazil sponsors the Formare training programme in association with the Lochpe Foundation. Since 2008 the programme has been offering vocational training in automotive assembly to 20 students from low-income families. The training is accredited by the Brazilian Ministry of Education and given at the PSA Peugeot Citroën plant, which donates its facilities as well as its employees' skills.

In Europe, two sites – in Madrid, Spain, and La Garenne-Colombes, France – give out annual Solidarity Awards. These awards, first introduced in 2005, aim to encourage employees to spearhead charitable projects. Employees are invited to submit projects related to a cause they feel strongly about, like humanitarian aid or environmental protection. The most promising projects are given an award along with financial backing from the Group.

In France, many Group sites have been supporting programmes to raise awareness about people with disabilities, most notably during France's Disabled Employment Week. The goal is to encourage the hiring of handicapped individuals and break down stereotypes.

11 sites also collect plastic bottle caps for charities that offer mobility solutions for the handicapped.

## MOBILITY AND ROAD SAFETY

Mobility and road safety initiatives accounted for nearly 23% of spending under Local CSR Plans in 2012. They include loans or donations of vehicles to charities that help people without cars or driver's licenses.

The Plans also allocate a significant amount of funding to road safety issues, mainly for campaigns to modify drivers' behaviour.

The Group holds various road safety exhibitions all year long, including a rollover crash simulator, driving simulators, and videos. It also gives out free breathalysers, and holds workshops on motorcycle safety.

Before the summer travel season begins, the Group sets up car inspection points in the car parks of four of its French sites (Metz, Sept Fons, Kolin, and Valenciennes) so employees can check their lighting systems, windshield wipers, braking systems, and tyre pressure.

The Group also donates car bodies to local fire fighters for passenger rescue exercises, and gives vehicles to the police in Mulhouse and Vélizy, France.

## CULTURAL AND EDUCATIONAL PROGRAMMES

Cultural and educational programmes accounted for the third-largest category of spending under Local CSR Plans in 2012. This reflects PSA Peugeot Citroën's commitment to its communities. The Metz and Trémery plants in France have pledged to support the Centre Pompidou-Metz museum for three years starting in 2011, and are working with the Lorraine region, the city of Metz, and the greater Metz intermunicipal authority to facilitate access to modern art. These plants also sponsored an exhibition featuring two French designers, Ronan and Erwan Bouroullec, that ran from October 2011 to August 2012.

The Group's Spanish site sponsors a radio programme called "View from the South" that covers environmental and gender equality issues. Middle-school students from nearby schools and the Villaverde school district help put on the programme. The broadcast has an estimated audience of more than one million listeners.

In Russia, PSA Peugeot Citroën sponsored festivities in 2012 to mark the "Kaluga plant's anniversary", highlighting the plant's three cultures: Russian, French, and Japanese. The plant also took part in Europe Day celebrations with a full slate of events including exhibitions, contests, festivals, seminars, and excursions.

## VOLUNTEERISM AND SKILLS DONATION

In France, the Rennes site has been actively supporting the Performance Bretagne association of Brittany-based SMEs for many years. The association helps them more efficiently manage their manufacturing facilities. In 2012 the Group helped 31 of these SMEs develop their skills, and trained 13 manufacturing consultants.

The Group's Tremery, France, site provides the same type of support to local SMEs through the Partenaires Superforce Lorraine association, by assigning a full-time manager to these burgeoning businesses.



## 4.2.4. CSR INITIATIVES SUPPORTED BY THE PEUGEOT AND CITROËN BRANDS AND BY BANQUE PSA FINANCE

The brands donated €785,000 to CSR initiatives in 2012.

### INITIATIVES SUPPORTED BY THE PEUGEOT BRAND

In the UK, Peugeot carried out a major fund-raising campaign among employees and its network for the charity Children in Need. The Company raised over £500,000, to which Peugeot UK added another £50,000.

In Argentina, the Company introduced a programme called Imagination by Peugeot to build awareness on four key issues: road safety, education, and the environment. It worked with experts on each of these issues to provide training and communicate important messages. A total of 885 hours of training were given under this programme to 6,400 students in 71 schools in 59 cities across the country.

### INITIATIVES SUPPORTED BY THE CITROËN BRAND

Citroën has been supporting French NGO *Action Contre la Faim* ("Action Against Hunger") since 2009, when the two formed a partnership to mark the anniversary year for both of them: the 90<sup>th</sup> for Citroën and the 30<sup>th</sup> for Action Contre la Faim. In 2012, 85 Citroën employees – even more than in previous years – took part in a fund-raising race held by Action Contre la Faim in Paris, clocking up a total 1,448 km to fight hunger.

For the past four years Citroën has been giving Christmas gifts (mainly miniature cars and video games) to hospitalised children. In 2012, the Company gave out 4,500 such gifts to children at hospitals in France, Germany, Czech Republic, Italy, Belgium, Spain, the Netherlands, and Austria.

In Spain, Citroën donates funds and equipment (mainly vehicles) to numerous charities, training, and welfare-to-work programmes, primarily geared towards young people.

In China, the Company supports Red Crayon, a charity that helps improve learning conditions and stimulate the creativity of minority children in western China.

Through its CAPSA joint venture, Citroën sponsored the Shanghai Biennial 2012 modern art fair as part of its long-standing tradition of supporting the arts. More specifically, the Company sponsored the DS Inter-city Pavilion that aims to promote culture and modern art in today's cities.

### INITIATIVES SUPPORTED BY BANQUE PSA FINANCE (BPF)

BPF encourages all its entities in France and around the world to sponsor worthy causes like:

- mobility for the disadvantaged: BPF's French subsidiary, Crédipar, donated a motorised tricycle to the *Maison de Marie* home for the disabled in 2012, so people with mental or physical handicaps can get around more easily. This donation was made in partnership with the PSA Peugeot Citroën Foundation;
- the disabled: in Poland, BPF donated used mobile phones to a charity for the handicapped;
- emergency outreach: BPF's UK subsidiary supports the charity Children in Need, and carried out a major fund-raising campaign in 2012;
- medical research: Employees at BPF's subsidiary in the Netherlands took part in the Roparun relay race to raise money for cancer victims;
- cultural and educational programmes: BPF's China subsidiary joined the «Red Crayon» initiative started by the Asia Division to generate private donations from employees to buy books, toys, clothes, and sporting equipment for poor children in Guishu.



# RENEWED COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

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As a major player in the European and global automotive industry, PSA Peugeot Citroën faces the challenge of extremely difficult economic conditions in its major markets. Confronted with this reality, the Group promptly took measures to mitigate the impacts on employment, provide support for its employees, manage the changes required and to pave the way for its recovery. Our priorities in 2012 were twofold: guarantee social cohesion through very active social dialogue to find responsible and innovative solutions, and motivate and support all company personnel to meet our collective and individual challenges.

The PSA Peugeot Citroën Group remains convinced that not only does our strength lie in our people and in the quality of labour relations, but that these form the basis of the Company's rebound and its sustainable and international development. The men and women who work daily to ensure the Group's success are at the heart of our commitment.

Beyond labour relations, the Group also maintains constructive dialogue on all aspects of its corporate social responsibility policy, sharing information through the bodies involved in our HR practices (OSI, IMS, C3D, Arborus endowment fund, and others).

## 2012 KEY FIGURES

<b>Workforce</b>	
Registered workforce	123,462
Percentage of women in the Group	19.1%
<b>Contractual agreements</b>	
Number of agreements signed	78
<b>Safety</b>	
Management frequency rate*	1.99
Frequency rate**	1.78
<b>Training</b>	
Number of employees who took part in at least one training course	102,391 (i.e. 83%)

The key figures above do not include Faurecia.

\* Management frequency rate = Lost-time injury frequency rate including Group employees and temporary employees.

\*\* Frequency rate = Lost-time injury frequency rate for Group employees.

## 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 (excluding Faurecia) that counts more than 120,000 employees around the world.

The Group consolidates and publishes human resources management indicators with an emphasis on three aspects: transparency, completeness and quality of information. This reporting process involves over 400 contributors from all Group subsidiaries, using interactive applications to compile data, led by a central team dedicated to this process.

PSA Peugeot Citroën is recognised as a benchmark in this area for the quality of its extra-financial reporting, which complies with legal reporting requirements (Articles L.225-102-1 and R. 225-105 of the French Commercial Code, Grenelle 2 Act), in line with the recommendations of the international Global Reporting Initiative and requests from stakeholders, particularly employee representatives and SRI rating agencies.

For each indicator in this section, information is presented about the results or the programmes under way. 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

The indicators presented below have been prepared on the basis of data from all the subsidiaries and companies controlled by PSA Peugeot Citroën, other than Faurecia, the Automobile Equipment Division:

- ▶ the “Automotive” scope includes both the Automobile Division and the SCEMM;
- ▶ the “Other Businesses” comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy.

The following changes to scope apply from 2012:

- ▶ SEVELNORD is now consolidated within “Other Businesses”;
- ▶ GEFECO is no longer consolidated in the Group's social reporting indicators.

The scope of reporting does not include employees of the joint ventures with Dongfeng (DPCA), Changan (CPSA), Toyota (TCPA), Fiat (SevelSud) or Renault (*Française de Mécanique*).

This report does not include Faurecia, a listed company in which Peugeot S.A. holds 57.4% of the capital, which manages its business independently.

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.

TAM is the French acronym for 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 and at a time of growing globalisation and increased competitive pressures, people remain a constant concern for PSA Peugeot Citroën, reflecting its responsibility for the men and women who dedicate themselves to the Company on a daily basis.

### 5.1.1. WORKFORCE **G.1a**

#### NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY DIVISION, 2006-2012

(At 31 December)

	2007	2008	2009	2010	2011	2012
Automobile Division	134,345	129,890	121,365	120,880	122,879	117,374
Banque PSA Finance	2,330	2,390	2,470	2,595	2,679	2,669
Other businesses	1,430	1,220	985	1,175	1,178	3,419
<b>TOTAL</b>	<b>138,105</b>	<b>133,500</b>	<b>124,820</b>	<b>124,650</b>	<b>126,736</b>	<b>123,462</b>

From 2011 to 2012, the number of Group employees under permanent or fixed-term contracts declined by 3,274.

#### NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION AND DIVISION **G.1d**

(At 31 December 2012)

	France	Rest of Europe	Rest of the world	Total
Automobile Division	76,136	28,596	12,642	117,374
Banque PSA Finance	829	1,719	121	2,669
Other businesses	3,378	41	0	3,419
<b>TOTAL</b>	<b>80,343</b>	<b>30,356</b>	<b>12,763</b>	<b>123,462</b>

At 31 December 2012, 123,462 employees worked in the Group: 117,819 had permanent contracts (95% of the workforce) and 5,643 were on fixed-term contracts.



## NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION

(At 31 December)

	2010*	2011*	2012
France	101,330	98,845	80,343
Rest of Europe	59,790	64,105	30,356
• Western Europe	45,045	45,585	23,199
• Central and Eastern Europe	14,745	15,520	7,157
Rest of the world	25,100	35,270	12,763
• Africa	2,150	2,995	324
• South America	12,135	15,775	10,814
• North and Central America	7,165	11,035	85
• Asia and Middle East	3,650	5,465	1,540
<b>TOTAL</b>	<b>186,220</b>	<b>198,220</b>	<b>123,462</b>

\* 2010 and 2011 data include GEFCO and Faurecia.

Western Europe: Austria, Belgium, Denmark, Germany, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Central and Eastern Europe: Croatia, Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia, Slovenia and Ukraine.

Africa: Algeria, Morocco, South Africa and Tunisia.

South America: Argentina, Brazil, Chile.

North and Central America: Canada, Mexico, USA.

Asia and Middle East: China, India, Iran, Japan, Malaysia, South Korea, Thailand and Turkey.

Today, 35% of employees work outside France, of which 25% in other European countries and 10% in the rest of the world.

### SUPPORTING THE GROUP'S GLOBALISATION

43,119 employees work outside France, in 34 countries. PSA Peugeot Citroën is committed to leveraging local skills, with nationals accounting for 90.5% of managers based outside France.

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.

In international markets, PSA Peugeot Citroën deploys experts and managers with capabilities and profiles that match the global diversity and local specificities of the countries 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 economy;
- give local employees the opportunity to take on more responsibility.



## NUMBER OF SECONDED EMPLOYEES BY DIVISION

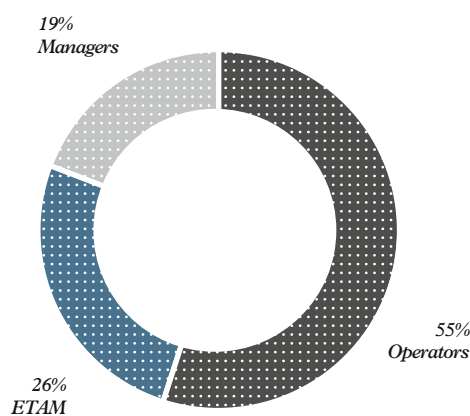
(At 31 December)

	2010	2011	2012
Automobile Division	610	728	726
Banque PSA Finance	35	33	45
Other businesses	0	0	0
<b>TOTAL</b>	<b>645</b>	<b>761</b>	<b>771</b>

In 2012, 771 employees were involved in foreign postings, with an average assignment of 36 months. 112 employees were seconded in France, 248 in the rest of Europe and 411 outside Europe.

## Employees under Permanent or Fixed-Term Contracts by Socioprofessional Category

(At 31 December 2012)





## EMPLOYEES UNDER FIXED TERM CONTRACTS

(Average annual number of employees)

		France		Rest of Europe		Rest of the world		Total		
		W	M	W	M	W	M	W	M	Total
Automobile Division	2012	689	1,934	760	1,721	61	448	1,510	4,103	5,613
	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
Banque PSA Finance	2012	31	11	114	64	0	1	145	76	221
	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
Other businesses	2012	50	118	0	0	0	0	50	118	168
	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
<b>TOTAL</b>	2012	770	2,063	874	1,785	61	449	1,705	4,297	6,002
	2011	932	2,577	969	1,940	119	858	2,020	5,375	7,395
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,735

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

In 2012, 827 employees (or 13.2% of new hires under permanent contracts) were hired under permanent contracts following a fixed-term assignment. 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

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.

*(Average annual number)*

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	5,002	752	72	5,826
	2011	7,989	862	309	9,160
	2010	6,560	670	390	7,620
Banque PSA Finance	2012	0	36	0	36
	2011	0	66	5	71
	2010	0	95	10	105
Other businesses	2012	178	0	0	178
	2011	55	0	0	55
	2010	50	0	0	50
<b>TOTAL</b>	2012	5,180	788	72	6,040
	2011	8,044	928	314	9,286
	2010	6,610	765	400	7,775

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

*(At 31 December, full-time equivalents)*

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	3,631	1,057	193	4,881
	2011	6,231	1,148	2,872	10,251
	2010	7,310	2,360	2,955	12,625
Banque PSA Finance	2012	38	47	0	85
	2011	42	47	36	125
	2010	30	40	40	110
Other businesses	2012	30	0	0	30
	2011	29	0	0	29
	2010	10	0	0	10
<b>TOTAL</b>	2012	4,312	3,110	193	7,615
	2011	6,302	1,195	2,908	10,405
	2010	7,350	2,400	2,995	12,745

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

The policy for engineering subcontracting was reviewed at the end of 2011 and applied methodically in 2012. Its aim is to access specific or unavailable skills, enabling flexibility in changes to overall

expenses, which is vital for performance and for reducing the time taken by R&D processes. A limited panel of Major Engineering Suppliers has been defined, favouring the setting up of Service Centres to which batches are sent following better defined processes, giving better medium-term visibility.



## 5.1.2. EMPLOYMENT POLICY

### NET JOBS CREATED, 2010-2012

(At 31 December 2012)

	Workforce at 31/12/2010	Net jobs added through acquisitions, less disposals 2010-2012	Net jobs created/ (lost)	Workforce at 31/12/2012
Rest of Europe	31,200	(638)	(206)	30,356
Africa	302	-	22	324
North and Central America	59	-	26	85
South America	10,334	-	480	10,814
Asia and Middle East	1,195	-	345	1,540
Worldwide except France	43,090	(638)	667	43,119
France	84,260	(598)	(3,319)	80,343
<b>WORLDWIDE TOTAL</b>	<b>127,350</b>	<b>(1,236)</b>	<b>(2,652)</b>	<b>123,462</b>

In the period 2010-2012, the multi-year net number of jobs created was negative. There was a reduction of 2,652 jobs over this period in line with the shrinking European automobile markets. The changes also reflect the Group's international growth.

#### TARGETED HIRING

In 2012, PSA Peugeot Citroën hired 6,272 people under permanent contracts. Designed to support our strategic projects, growth in new markets and international development, these targeted hirings added

skills that were not yet available internally. 1,700 people were hired to ramp up output at the Kaluga plant in Russia, and more than 1,000 were hired to beef up our sales teams in the Peugeot and Citroën retail networks, half of which are abroad.

### EMPLOYEES HIRED UNDER PERMANENT CONTRACTS G2a

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	1,139	3,705	1,234	6,078
	2011	4,739	2,050	2,087	8,876
	2010	2,660	1,605	2,110	6,375
Banque PSA Finance	2012	48	104	21	173
	2011	60	167	43	270
	2010	60	180	20	260
Other businesses	2012	17	4	0	21
	2011	38	5	0	43
	2010	30	0	0	30
<b>TOTAL</b>	<b>2012</b>	<b>1,204</b>	<b>3,813</b>	<b>1,255</b>	<b>6,272</b>
	<b>2011</b>	<b>4,837</b>	<b>2,222</b>	<b>2,130</b>	<b>9,189</b>
	<b>2010</b>	<b>2,750</b>	<b>1,785</b>	<b>2,130</b>	<b>6,665</b>

In 2012, the Group hired a total of 6,272 people.

80% of these new employees were hired outside France.



## EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY CATEGORY

(At 31 December 2012)

	France			Rest of Europe			Rest of the world			Total		
	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers
Automobile Division	564	344	231	2,950	591	162	774	308	154	4,288	1,243	547
Banque PSA Finance	0	40	8	0	84	19	0	7	15	0	131	42
Other businesses	0	4	13	0	4	0	0	0	0	0	8	13
<b>TOTAL</b>	<b>564</b>	<b>388</b>	<b>252</b>	<b>2,950</b>	<b>679</b>	<b>181</b>	<b>774</b>	<b>315</b>	<b>169</b>	<b>4,288</b>	<b>1,382</b>	<b>602</b>

Of the total people hired under permanent contracts, 68% were operators and administrative employees, 22% were technicians and supervisors (TAM) and 10% were managers.

New employees hired under permanent contracts represented 5.3% of the total workforce under permanent contracts in 2012.

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 at 31 December.

## EMPLOYEES HIRED UNDER FIXED-TERM CONTRACTS

(At 31 December 2012)

	France	Rest of Europe	Rest of the world	Total
Automobile Division	1,015	1,801	123	2,939
Banque PSA Finance	63	122	9	194
Other businesses	11	0	0	11
<b>TOTAL</b>	<b>1,089</b>	<b>1,923</b>	<b>132</b>	<b>3,144</b>

Women represented 35.6% of employees hired under fixed-term contracts in 2012.

Of the total people hired under fixed-term contracts, 78.4% were operators and administrative employees, 20.1% were technicians and supervisors (TAM) and 1.5% were managers.

## SEPARATION RATES OF EMPLOYEES UNDER PERMANENT CONTRACTS

(At 31 December)

	2010*	2011*	2012
Separation rate	7.3%	5.7%	8.4%

\* 2010 and 2011 data include GEFCO.

In 2012, the separation rate was 8.4% for the Group.

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 at 31 December.



## SEPARATION RATES OF EMPLOYEES UNDER PERMANENT CONTRACTS BY AGE GROUP, GENDER AND REGION

(At 31 December 2012)

	<30		30-39		40-49		≥50		Total		
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Total
France	6.6%	11.6%	4.9%	4.6%	3%	2.4%	10.1%	10.6%	6.2%	6.2%	6.1%
Rest of Europe	17.8%	30%	6.6%	8.8%	7.7%	8.6%	17.2%	19.2%	8.9%	12.6%	15%
Rest of the world	17.3%	31%	13.4%	10.7%	8.5%	8.3%	14.6%	8.3%	12.4%	11.1%	12%
<b>TOTAL</b>	<b>12.1%</b>	<b>20.5%</b>	<b>6.5%</b>	<b>6.6%</b>	<b>4.6%</b>	<b>4.1%</b>	<b>11.3%</b>	<b>12.3%</b>	<b>7.5%</b>	<b>8.2%</b>	<b>8.4%</b>

## SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS BY AGE GROUP AND GENDRE

(At 31 December 2012)

	<20		20-29		30-39		40-49		≥50		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Resignations	6	32	213	717	268	957	110	406	90	387	687	2,499
Dismissals	0	18	65	438	115	478	64	282	84	359	328	1,575
Redundancies	1	3	23	98	90	248	68	267	260	1,228	442	1,844
Retirement, death or other	0	40	36	224	47	292	39	211	197	1,492	319	2,259
<b>TOTAL</b>	<b>7</b>	<b>93</b>	<b>337</b>	<b>1,477</b>	<b>520</b>	<b>1,975</b>	<b>281</b>	<b>1,166</b>	<b>631</b>	<b>3,466</b>	<b>1,776</b>	<b>8,177</b>

## SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS BY REGION

(At 31 December 2012)

	France	Rest of Europe	Rest of the world	Total
Resignations	1,396	1,211	579	3,186
Dismissals	585	539	779	1,903
Redundancies	1,824	462	0	2,286
Retirement, death or other	1,144	1,347	87	2,578
<b>TOTAL</b>	<b>4,949</b>	<b>3,559</b>	<b>1,445</b>	<b>9,953</b>
Separation rate	4.2%	3%	1.2%	8.4%



## RESIGNATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(At 31 December 2012)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	1,298	1,149	579	3,026
	2011	1,104	876	544	2,524
	2010	710	890	445	2,045
Banque PSA Finance	2012	17	56	0	73
	2011	36	94	8	138
	2010	25	70	0	95
Other businesses	2012	81	6	0	87
	2011	12	2	1	15
	2010	0	0	0	0
<b>TOTAL</b>	2012	1,396	1,211	579	3,186
	2011	1,152	972	553	2,677
	2010	735	960	445	2,140

The number of resignations amounted to 2.7% of total employees under permanent contracts in 2012, versus 2.3% in 2011 (like-for-like).

A total of 182 employees under fixed-term contracts resigned during the year.

## DISMISSALS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(At 31 December 2012)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	549	528	777	1,854
	2011	499	518	309	1,326
	2010	660	590	370	1,620
Banque PSA Finance	2012	12	11	2	25
	2011	3	15	3	21
	2010	5	25	0	30
Other businesses	2012	24	0	0	24
	2011	12	1	0	13
	2010	5	0	0	5
<b>TOTAL</b>	2012	585	539	779	1,903
	2011	514	534	312	1,360
	2010	670	615	370	1,655

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.



## OTHER SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS

(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Automobile Division	1,095	1,322	87	2,504
Banque PSA Finance	16	25	0	41
Other businesses	33	0	0	33
<b>TOTAL</b>	<b>1,144</b>	<b>1,347</b>	<b>87</b>	<b>2,578</b>

## DISMISSALS OR REDUNDANCIES OF EMPLOYEES UNDER PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	1,811	450	0	2,261
	2011	52	147	74	273
	2010	2,365	230	15	2,610
Banque PSA Finance	2012	0	12	0	12
	2011	0	0	0	0
	2010	0	0	0	0
Other businesses	2012	13	0	0	13
	2011	0	0	0	0
	2010	0	0	0	0
<b>TOTAL</b>	<b>2012</b>	<b>1,824</b>	<b>462</b>	<b>0</b>	<b>2,286</b>
	2011	52	147	74	273
	2010	2,365	230	15	2,610

In 2010, dismissals and redundancies in the Group primarily concerned employees who took voluntary redundancy under the workforce and skills planning plan wound down in March 2010. In 2012, they are attributable to voluntary redundancy measures carried out between 1 February and 25 July of that year.

### WORKING WITH EMPLOYEE REPRESENTATIVES TO PREPARE JOBS AND CAPABILITIES FOR THE FUTURE

A forward employee representatives 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. This approach is fully aligned with the Company's CSR policies.

Forward-looking management involves analysing situations with employee representatives, discussing policies deployed and considering their foreseeable impact on jobs and skills, taking three job types into consideration: occupations in high demand occupations in balance and at-risk occupations.

This mapping is shared during jobs and skills observatories, Group-wide meetings of joint employee-employer bodies and in individual entities. The approach has proved its mettle in orienting employees in at-risk occupations towards more balanced occupations or occupations in high demand, offering them more opportunities.

On 9 January 2012, a conference to launch the "Top Competences" initiative was attended by HR personnel with responsibility for implementing the Group's internal mobility programme, as well as by senior executives and managers, representatives of firms associated with the programme and trade union representatives. The conference focused on sharing best practices and motivating HR professionals.

1,200 managers attended training specifically designed to facilitate them in supporting employee mobility. "Mobility advantage" training was offered to employees who expressed a need for this type of support to prepare them for job mobility and expand their career horizons.

28 Mobility and Career Development units were set up locally, each staffed by representatives of site HR Departments, managers and external contractors (career and outplacement consultants). The units are tasked with advising employees on job changes, providing information on the measures on offer, as well as practical guidance to boost their career prospects.

## SUPPORT MEASURES FOR TRANSFORMATION PROJECTS

In a commitment to ensuring the smooth deployment of major transformations and changes in both the manufacturing and technological sides of the business, measures are systematically undertaken by PSA Peugeot Citroën to support employees through the process. A structured programme is implemented for each transformation project to analyse the impacts and consequences and prepare these support measures.

Faced with the unprecedented decline in demand in the automotive industry, the Group presented new measures aimed at adapting its skills resources to its needs to the Central Works Council Committee in December 2011, in accordance with its CSR responsibilities. It will provide individual redeployment support to each employee. The support package, in line with the 2010 agreement on the “New Jobs and Capabilities Dynamic” included internal and external measures and an innovative retraining component, known as “Top Competences”. Participation has been excellent and the main plan objectives were achieved in 2012.

The industrial restructuring and headcount reduction plan for PCA France was presented to the Central Works Council Committee on 25 July 2012. These measures, designed to turn the Group’s fortunes around, include shutting down production and revitalising the Aulnay plant, and restructuring the Group’s manufacturing capability at Rennes, prior to future capital investment. The plan to reorganise the production base also includes 3,600 voluntary redundancies.

The Company sought to engage in permanent dialogue with the trade union organisations during the phase of consultation with personnel representative bodies. Regular consultation group meetings were held prior to entering negotiations on the issues identified by employee representatives, concerning support for different personnel categories and appropriate measures.

At each stage of the restructuring plan, PSA Peugeot Citroën has remained true to its commitments, reaffirming its sense of responsibility and its openness to dialogue.

## INTERNAL MOBILITY: “TOP COMPETENCES”, PRIORITY GIVEN TO EMPLOYABILITY

“Top Competences”, the internal mobility plan launched in 2012, aims to respond to the twin challenges of a competitive market and skills redeployment. Given the diverse range of jobs within the Group in France, and the scarcity of applicants to fill certain positions, PSA Peugeot Citroën launched this programme to fill vacancies in-house by offering inplacement opportunities to its employees.

“Top Competences” is broader in scope than the usual redeployment opportunities in the Group and offers additional retraining opportunities. In keeping with the voluntary and anonymous basis for the operation of the Mobility and Career Development units, employees are informed about internal vacancies and jobs and skills trends through the intelligence gathered by the Employment and Skills Observatory. In addition, technical job search skills workshops are organised with the objective of honing employees’ skills in preparing job applications for inplacement and outplacement opportunities (emphasising career paths, interview preparation, etc.). More than 50 job events and 170 technical workshops were held in 2012.

A dedicated team and budget in the corporate University are allocated to the training aspects of “Top Competences”. Working

in close cooperation with Group divisions, the University examines training needs and coordinates the design, procurement and roll-out of courses across all entities. 1,039 people changed positions or were redeployed in 2012, aided by “Top Competence” and a programme dispensing a total of 60,000 training hours, equating to an average of 58 hours per person.

## SUPPORTING JOB MOBILITY OUTSIDE THE GROUP

Some employees keen to move outside the Group will benefit specifically from measures aimed at identifying job opportunities in France by coordinating regional networks and leveraging direct contacts with local businesses. This approach focuses on the private market and is supplemented by facilitated access to local authority and public sector vacancies. These vacancies also take where employees live into account.

In addition, employment opportunities nationally are collated from partner companies who participate in the job forums organised by the Group. These “job dating” events encourage direct contacts between employees and companies, whose personnel needs are aligned most closely with our employee profiles. At the same time, employees are given the opportunity to gain insight into companies they have partial knowledge of, and to discuss vacancies directly with recruiters. In 2012 20 job dating events took place at Peugeot Citroën Automobiles sites.

The Mobility and Career Development units are tasked with giving practical support to individual employees to successfully carry through their career moves, notably thanks to redeployment firms. For example, practical assistance is given to start-ups or takeovers (identification of assets, labour relations and tax implications of projects, business case development and preparation of operating conditions). 1,940 PCA France employees took voluntary outplacement opportunities in 2012.

## COMMITTED TO RE-INDUSTRIALISATION

PSA Peugeot Citroën pays close attention to the regions in which its sites are located. It has long nurtured contacts with local authorities and all the other components of the local economic, social and educational fabric to focus on local resources and developing the local economy. PSA Peugeot Citroën is especially committed to the automotive industry. To lead its contribution to the consolidation of the industry in France, the Group appointed four Regional Delegates in 2011 to specifically support this effort in the regions.

At a number of its oldest sites the Company is particularly vigilant about the impacts of the transformation of the industry that it is implementing. The Industrial Division hosts a structure to identify re-industrialisation projects. 2012 saw this unit actively examine new options for under-used or empty facilities through the creation of new industries, focusing on creating jobs that match the skills sets of the Group’s employees. At the end of 2012, the portfolio of activities ready to locate to the Aulnay site represented 1,250 jobs, or 1,000 net jobs created.

The Group thus reaffirms its desire to ensure industrial continuity at the sites it operates, as well as its commitment to safeguarding jobs and skills in the auto industry, and in general in the industries of the future.



## 5.2. DEVELOPING TALENT

PSA Peugeot Citroën employee relations and human resources policies continually adapt to changing external factors and employee expectations. Actions have tangible meaning to foster confidence. Each initiative is a shared commitment between management and employees.

### 5.2.1. ATTRACTING TALENT

Attracting and hiring people with the skills the Group needs is a true strategic challenge. The Employer Brand, which expresses the Group's identity as an attractive employer, plays a decisive role. The Employer Brand reflects employee perceptions of their company and the way external players perceive PSA Peugeot Citroën as an employer.

#### GREATER PRESENCE ON SOCIAL NETWORKS

In 2012, 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

#### HUMAN RESOURCES DEVELOPMENT POLICY

The Group's very clear HR vision is to "place the human dimension at the core of the Group's performance".

HR policy seeks to develop the four values widely embraced throughout the corporate community:

- ▶ respect;
- ▶ responsibility;
- ▶ boldness;
- ▶ continuous improvement.

The Group's HR professionals are motivated by four key priorities:

- ▶ develop our human capital;
- ▶ manage and motivate employees;
- ▶ responsible development and social cohesion;
- ▶ operational excellence by our employees.

Policies are defined in the areas of HR development, employee relations and health and safety.

In June 2010, the Group adopted a revised global human resources policy, based on seven 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 PERFORMANCE REVIEW, FOCUS ON PEOPLE

The annual performance review is an important management process and key to HR management.

Since 2011, the annual performance review at PSA Peugeot Citroën is broken down into three strands:

1. a holistic job appraisal, based on proficiency in two aspects, technical and behavioural, and annual performance objectives aligned with the entities' contract objectives;
2. objectives for the year ahead, including performance goals and improvement actions;
3. personal development prospects in the medium term, set out in an individual Personal Development Plan.

In 2012, more than 95% of our 50,000 managers and staff worldwide benefited from an annual performance review. Individual Performance Reviews are organised globally through the Global HR career management system.



## PERCENTAGE OF EMPLOYEES HAVING A PERFORMANCE REVIEW

(For 2012)

	Operators			Technicians and supervisors			Managers		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
France	78%	81%	81%	95%	96%	96%	97%	98%	98%
Rest of Europe	-	-	-	96%	96%	96%	98%	98%	99%
Rest of the world	-	-	-	96%	97%	97%	98%	99%	99%
<b>TOTAL</b>	<b>52%</b>	<b>53%</b>	<b>53%</b>	<b>95%</b>	<b>96%</b>	<b>96%</b>	<b>97%</b>	<b>98%</b>	<b>98%</b>

### THE NEW "GLOBAL HR CAREERS" CAREER MANAGEMENT SYSTEM

Guaranteeing equal opportunity and career development through an active and responsible internal jobs mobility strategy is a key driver of performance in the PSA Peugeot Citroën Group. In 2012, the Group established a new career management Information System, christened "Global HR careers". More than 50,000 employees worldwide connected to the system to enter and update their CVs, including information on their language and technical skills, based on a catalogue of 330 skills collated by the Group's business lines. The system ensures that all Group employees have clear visibility of their career paths and skills. The cross-function database is managed by the employees themselves and will enhance global internal mobility management by the HR function, aligning Group resources with the Company's needs, as fluidly as possible.

### PERSONAL DEVELOPMENT THROUGH "360° FEEDBACK" ASSESSMENT

In 2012, in the second year of deployment and after assessments for executives and senior managers, all new senior executives benefited from the specific personal development assessment, based on "360° feedback" from a dozen or so peers (manager, team members and colleagues). This performance appraisal tool is a customised review of eight key behavioural skills at PSA Peugeot Citroën (strategic vision, results orientation, knowledge of their environment or sector, change management, cooperation and influence, team leadership, skills development and ethical behaviour). A network of 50 specially trained "360° feedback facilitators" manage the process in-house and provide support to new senior executives in completing this personal development exercise, backed by a senior manager. On completion of the assessment, each participant draws up their own personal development plan to be implemented with their manager.

### MAPPING OUR PROFESSIONS: THE JOB FAMILY MANAGEMENT SYSTEM

The job families and professions approach developed by PSA Peugeot Citroën is central to the Group's human resources development policy in the medium and long terms. It identifies 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. The 20 families provide a map of the Group's 113 professions and serve as the basis for skills development programmes, methods for learning these skills, qualifying career paths and their bridges between professions and job families, mobility and skills guidance.

As a guarantee of excellence, all training courses are certified by PSA Peugeot Citroën University according to a structured audit path. 40 training courses were certified by the University in 2012, bringing to 94 the number of certified professional training courses.

The job family process helps employees set career objectives and prepare for mobility, while enabling managers to provide effective support. It allows the Group to foresee strategic changes in the skills base, identify the capabilities it will need in the future and prepare transitions to help avoid dismissals or difficulties.

The intranet portal dedicated to the job family and professions approach introduced in September 2011 was immediately successful. The 330,000 connections logged since its launch confirms that the approach is aligned with the needs of the Group's employees, helping them better understand potential career paths, key skills, bridges and the training curriculum. The portal has become an essential resource for anyone interested in the Group's professions, enabling them to effectively manage their future career development. The English version went live in October 2012.



### 5.2.3. PSA PEUGEOT CITROËN UNIVERSITY: NURTURING TALENT G.11 G.12

#### HOURS OF TRAINING BY REGION

(At 31 December 2012)

	Total hours of training (in thousands)	Average hours of training per employee
France	1,470,577	18.3
Rest of Europe	880,678	29
Rest of the world	237,401	18.6
<b>TOTAL</b>	<b>2,588,656</b>	<b>21</b>

Each employee received an average of 21 hours of training in 2012, with 102,391 employees attending at least one training course during the year. This represents an 83% rate of access to training.

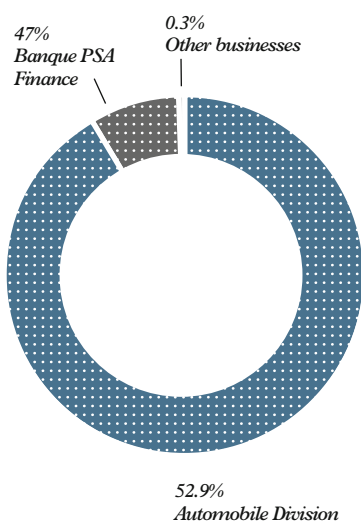
#### AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY AND GENDER

(At 31 December 2012)

	Men	Women	Total
Operators and administrative employees	20	22	20
Technicians and supervisors	19	15	18
Managers	28	28	28
<b>AVERAGE</b>	<b>21.5</b>	<b>20.6</b>	<b>21</b>

#### TRAINING EXPENDITURE BY DIVISION G.11b

(At 31 December 2012)



The more than 2.5 million hours of training conducted throughout the Group represented an outlay of more than €32 million.

#### PSA PEUGEOT CITROËN UNIVERSITY: MISSION G.11a

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.

The training offered by PSA Peugeot Citroën University was adapted in 2012 to support the Group in a challenging economic environment.

Course content reflected the following three priorities: upskilling of local managers in the Group's plants (in France, Brazil, Argentina and Russia), continued development or roll-out of skills training through the "skills schools", closely aligned with needs on the ground, and support for the "Top Competences" redeployment plan. 2012 saw more than 1,000 employees benefit from the "Top Competences" programme, delivering support to make the transition to a new profession and increase their employment prospects. Personalised training courses were developed for each employee, giving an annual total of 60,000 training hours.

The two priorities for the teaching system are insourcing of training coordination whenever the skills are available in house, and the development of blended learning combining classroom-based learning and self-learning through e-learning modules.



PSA Peugeot Citroën University maintained a range of 6,858 courses suitable to meet the needs of the Company in the following areas:

- Core courses reflecting management's intention of sharing with as many employees as possible the behaviours and working methods needed to ensure our successful transformation. The courses are delivered globally, in all departments from the top down. The rationale behind the core training courses organised throughout the Group since 2010 is to address two major challenges:
  - Senior Management's wish to manage change with the cooperation of all Group managers. This is reflected in the provision of training designed for managers identified as the leading channels for communicating the Group's policy and strategic guidelines to their employees. The Management College was established to meet this need and to develop training targeted at assisting Group management.
  - The dissemination of major cross-sector policies in the Group, such as responsible development particularly in relation to safety, managing psychosocial risks and diversity, English, working in multicultural environments, the skills required to meet the needs of an increasingly globalised Group and, finally, the PSA Excellence System (PES).

The integration of new regions into the Group's culture, resulting in the preparation of an onboarding process for new hires and the creation of programmes for international deployment.

- Training related to projects in departments: actions in 2012 concentrated primarily on supporting the Kaluga plant start-up in Russia.
- Training associated with the Group's 113 professions: working in coordination with the professional representatives, PSA Peugeot Citroën University supports formally structuring the technical skills repository and steers the preparation of the related training cycles. Certification on the basis of an audit that assesses five criteria to certify the maturity and consistency of the courses.

The process of certifying the Group's training courses is proceeding apace: at the end of 2012, the programmes for 94 of the 113 professions in PSA Peugeot Citroën were certified.

- Personal development training: PSA Peugeot Citroën University also offers personal development courses for employees. The aim of these courses is to maintain and improve employability levels. They are cross-sector in nature, rather than designed for the specific needs of a business line or profession. The training courses on offer include safety, accreditations, languages (in addition to the English which is offered as part of the core curriculum), office and IT applications, as well as speaking and communication techniques.

The training catalogue now comprises nearly 6,850 courses. In 2012, employees across the Group received 2.5 million hours of training, representing an average of 21 hours per employee.

## AN EXTENDED UNIVERSITY: STRATEGIC PARTNERSHIPS

PSA Peugeot Citroën University has joined forces with internationally reputed colleges (in engineering, business and the sciences, etc.) to attract a diverse range of talents. These partnerships are the cornerstone of its strategic relations with these world-renowned colleges. The corporate university's "extended university" approach is based on lasting relations with schools and universities, along with sponsoring of shared laboratories ("StelLabs" programmes most notably) and teaching or research chairs.

The University currently partners 30 colleges worldwide. The Group has academic partnerships in Brazil (São Paulo and Rio Universities), in China (Peking and Shanghai Universities) and in the United States (with GeorgiaTech in Atlanta).

The automotive industry must constantly adapt to the economic, technological, environmental and social challenges facing it; therefore our partnerships, especially in research into the technologies of the future, are the main drivers of scientific dialogue between teachers and researchers in the academic community, the Group's engineers and the students of the 30 scientific or management colleges spread across three continents (Europe, Asia and America), who are currently on courses or studying to complete degrees and PhDs in these colleges or labs.

## "CLIP" ACCREDITATION FOR THE UNIVERSITY

"CLIP" accreditation is the international quality benchmark for corporate learning programmes to enable comparison with best practices in the market through the "CLIP" structure and network. "CLIP" (Corporate Learning Improvement Process) is awarded for three years and is a powerful continuous improvement tool.

PSA Peugeot Citroën received official notification of its CLIP accreditation at the end of November 2012 from the European Foundation for Management and Development (EFMD). It became the 17<sup>th</sup> corporate university in the world to join this prestigious club.



## 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 in place since 2011 enabling each one to strengthen social cohesion within the local organisation.

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

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

### 5.3.1. INTERNATIONAL SOCIAL DIALOGUE ORGANISATIONS

#### THE EXPANDED EUROPEAN GROUP COUNCIL, REPRESENTING ALL EMPLOYEES

Established in 1996, The European Works Council provides Management and employee representatives with a forum in which to discuss the Group's strategy, results and outlook. During its annual plenary meeting, participation in 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 eight times. During the meetings personnel representatives were informed about progress with the alliance between PSA Peugeot Citroën and General Motors, as well as the proposed measures to secure the Group's turnaround. As every year, a review of the application of the Global Framework Agreement and the self-assessment were conducted during 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 European trade unions. On 19 June 2008, the Committee was extended to the leading 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, strategy and policies (products and services, markets, technological changes and new globalisation plans, amongst others). Topics discussed include all of the issues and trends that could have an impact on jobs.

The members met three times in 2012 to address such major strategic concerns as the Group's purchasing strategy, its research cooperation policy and the proposed Alliance with General Motors.

### 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.

#### 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 2012, 78 company agreements were signed, including 49 outside France. They covered a variety of issues, from organisation of working hours, 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, 90% of employees 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, etc.).

### GERMANY

- ▶ Agreement on the terms and payment of PSA Peugeot Citroën profit-sharing for the year 2011 – March 2012
- ▶ Agreement on flexitime working – March 2012
- ▶ Agreement on the conciliation of interests and redundancy plan in relation to the consolidation of two brands – June 2012
- ▶ Agreement on the implementation of a new software package for compensation and requests for leave – December 2012

### AUSTRIA

- ▶ Agreement on the introduction of a new bonus system for after-sales service employees – December 2012

### BELGIUM

- ▶ Mobility agreement – September 2012

### ITALY

- ▶ Agreement on overtime – September 2012

### SPAIN

- ▶ Agreement on jobs adjustments – October 2012
- ▶ Agreement on flexitime working – October 2012
- ▶ Agreement on partial retirement – December 2012

### FRANCE

- ▶ Agreement concerning jobs for women and gender equality in the workplace (Peugeot Citroën Retail) – January 2012
- ▶ 2012 wage agreement – March 2012
- ▶ Amendment to the Group profit-sharing agreement – June 2012

### PORTUGAL

- ▶ Agreement on the new career management system by skills for workers – October 2012

### THE UK

- ▶ Agreement on work schedule changes – November 2012

### RUSSIA

- ▶ Agreement on labour union rights – July 2012

### SLOVAKIA

- ▶ Agreement on work breaks – May 2012

## SOCIAL AGENDA

In every major host country, social dialogue is making it possible to lead corporate transformation programmes in cooperation with employee representatives.

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. Global tracking was established in 2012.

## 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, France, Germany, Italy, Portugal, Russia and Spain, surveys are carried out every year to gauge employee satisfaction. They cover a variety of areas, including internal communication, corporate culture, working conditions, professional development, training, wages and salaries, employee-manager relations, Group policy and strategy, teamwork 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 **G8**

#### 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

Implementation of the Group's Health and Safety policy is supported by the Workplace Health and Safety Management System. Comprising 22 requirements that define areas requiring special attention and management, the health and safety standards are applicable to all Group units and subsidiaries.

The new management approach 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.

After two years, the roadmap has proved its effectiveness. Its structured approach delivers a clear contribution to results and galvanises the entire Group in the search for excellence in health and safety.

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.

The system is overseen with the Health, Safety and Working Conditions Committees in France and similar committees in other countries.

#### 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. Results continued to improve in 2012 with a lost-time injury frequency rate for temporary employees of 6.2, compared with 8.6 in 2011 and 25.1 in 2010.

### 5.4.2. LONG LASTING PROGRESS **G.10**

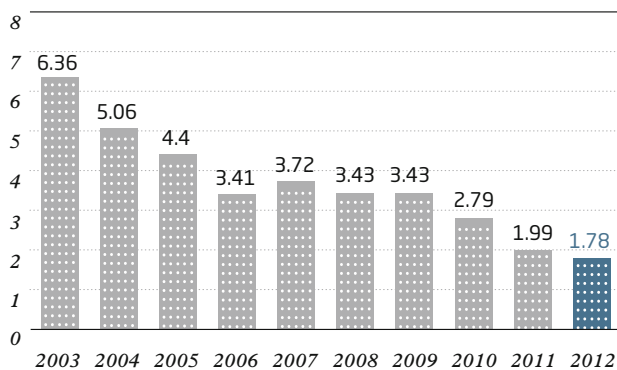
PSA Peugeot Citroën saw significant improvements in workplace health and safety in 2012. The total lost-time injury frequency rate (including temporary employees) as of 31 December 2012 was 1.99, reflecting a continuous improvement process for workplace health and safety. The 22 % improvement in safety performance in 2012 compared with 2011 shows the efficiency of the Workplace Health and Safety Management System introduced three 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.

PSA Peugeot Citroën will continue to progress in 2013, to guarantee a robust process and achieve a total lost-time injury frequency rate of 1 in 2014. This target has already been achieved in 17 entities in France, Latin America, Slovakia, Spain and Portugal.

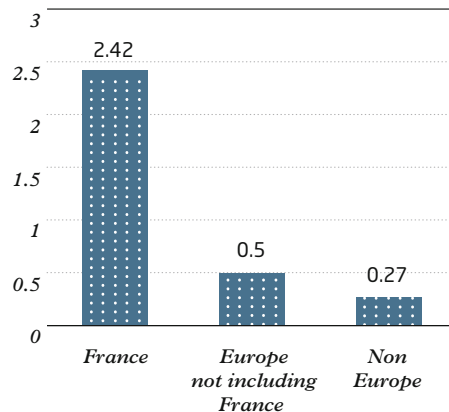
#### TOTAL LOST-TIME INJURY FREQUENCY RATE



The lost-time injury frequency rate (LTIFR) corresponds to the “number of lost-time occupational accidents times 1 million divided by the number of hours worked”.

#### TOTAL LOST-TIME INJURY FREQUENCY RATE BY REGION

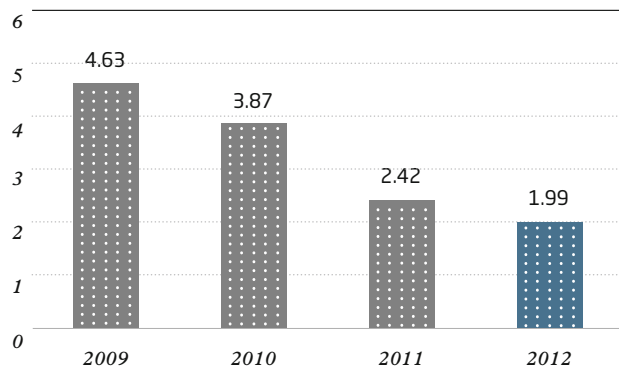
(For 2012)



In 2012, the Group-wide lost-time injury frequency rate (LTIF) stood at 1.78 (1.99 including temporary employees).

The lost-time injury frequency rate fell from 7.94 points in 2011 to 6.93 points in 2012. The first aid frequency rate fell from 29 points in 2011 to 24 in 2012.

#### TOTAL LOST-TIME INJURY FREQUENCY RATE (INCLUDING TEMPORARY EMPLOYEES)



The total lost-time injury frequency rate includes temporary employees.



## SAFETY PERFORMANCE

(For 2012)

	Sales units		Manufacturing units		Offices	
	Frequency rate	Severity rate	Frequency rate	Severity rate	Frequency rate	Severity rate
Europe	1.15	0.10	2.81	0.29	0.37	0.04
Africa	1.76	0.02	0	0	0	0
South America	0	0	0.44	0.02	0	0
Asia and Middle East	0	0	0	0	0	0
<b>TOTAL</b>	<b>1.10</b>	<b>0.10</b>	<b>2.45</b>	<b>0.25</b>	<b>0.36</b>	<b>0.04</b>

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

The sales units include import subsidiaries and dealerships.

The lost-time injury frequency rate (LTIFR) corresponds to the “number of lost-time occupational accidents times 1 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

In 2012, the frequency rate for the Group was 3.3.

The frequency rate corresponds to the number of commuting accidents with lost time multiplied by 1 thousand and divided by the number of employees.

## FATAL ACCIDENTS

(For 2012)

	France	Rest of Europe	Rest of the world	Total
Automobile Division	2	1	0	3
Banque PSA Finance	0	0	0	0
Other businesses	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>3</b>

There were three fatal accidents in 2012, two fatal workplace accidents (one in France and one in Russia) and one death during the commute between home and work.

## NUMBER OF OCCUPATIONAL ACCIDENTS REQUIRING FIRST-AID INVOLVING CONTRACTOR OR TEMPORARY EMPLOYEES

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.

(At 31 December 2012)

	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	116	829	77	9	103	8	296	846

### 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: that reflect the major risks to which the Group is exposed.

The five commitments are:

- ▶ 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. MSDs stem from a diverse range of interacting factors, including physical origins, such as posture, exertion and misalignment of the upper limbs, as well as from non-physical factors, such as work organisation (in terms of the duration and frequency of effort), mental stress (processing information, relations with colleagues and with supervisors), and operators' perception of their work (recognition and motivation for example). To cope with the complex interactions between all these factors, the Group developed a structured approach to analyse how

these disorders appear and find remedial actions to mitigate their occurrence.

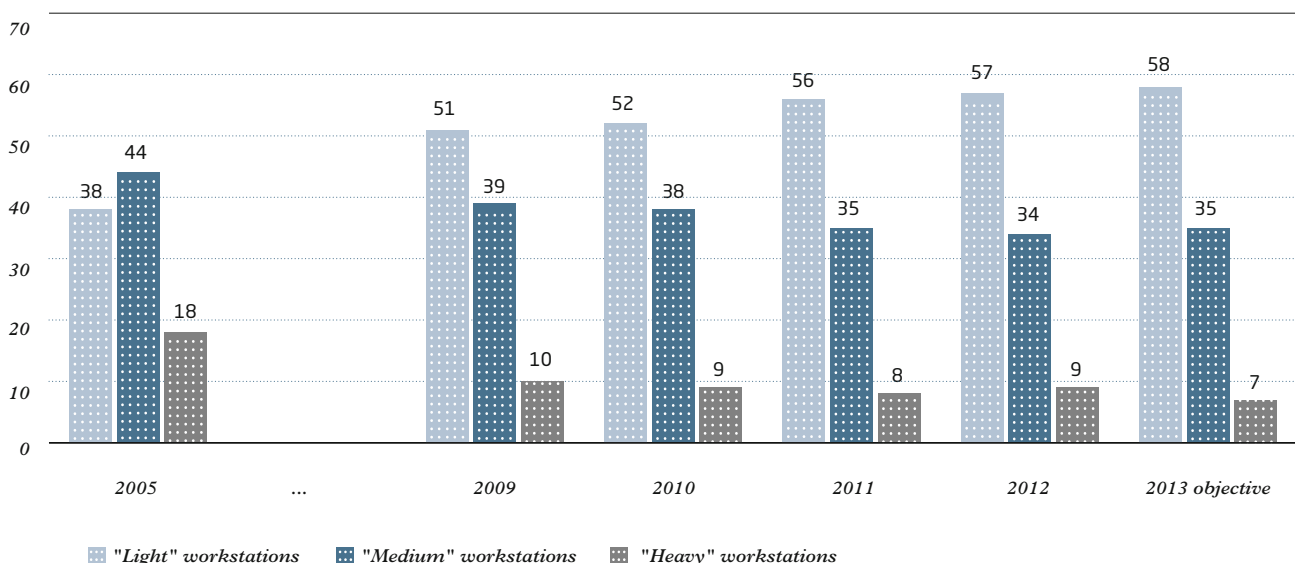
In 2011, PSA Peugeot Citroën carried out a review of workstations that require repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the risk level for each profession and detected factors with the greatest potential to cause MSDs. The analysis resulted in Action Plans being deployed in 2012 at all Group manufacturing facilities. At the same time as this review of repetitive work, PSA Peugeot Citroën developed a method to assess stress and exertion at non-repetitive workstations. All MSD risk factors at repetitive workstations will be explored in 2013, while complaints from non-repetitive workstations will be processed to consolidate the deployment of the approach defined in 2012.

Actions will be rolled out in multidisciplinary teams of occupational physicians, safety engineers and technicians, ergonomics specialists and managers.

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-2012, the percentage of workstations rated as "heavy" declined to 9% 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 2013 of 58% "light" and 7% "heavy" workstations.

#### THE CHANGING PROPORTION OF "LIGHT", "MEDIUM" AND "HEAVY" WORKSTATIONS

(Automobile manufacturing units, 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 crucial element in the Group's health and safety prevention policy. It extends not only to the risks related to the products and substances used, but also to pollutants generated by processes.

The Group uses more than 6,000 chemical products and substances at its industrial and R&D sites, and more than 1,500 for its commercial activities. Some are classed as dangerous and are subject to extremely precise conditions of use to prevent any risk. There is a safety data sheet at the workstation for every chemical product that involves risk, approved according to PSA Peugeot Citroën's protocol, in its Industrial, Research and Innovation and Commercial facilities.

Air quality monitoring is another priority for which the Group has set the objective of ensuring that all Industrial, Commercial and R&D activities have an air quality monitoring plan in place. Proactive in this area since 2005, the Group leads the competition in chemical risk prevention. The 2012 monitoring plan was executed to schedule.

Moreover, rigorous medical check-ups are in place for the highest risk products.

## PREVENTING PSYCHOSOCIAL RISKS

Preventing psychosocial risks, and in general, promoting well-being at work are not only crucial to the protection of employees' health and safety, but also make a direct contribution to the Company's performance.

A number of international studies have shown that when people are exposed to "hyper stress" over a protracted period of time, their efficiency drops by an average of 30%. The most recent review in March 2012 in the Group's French entities showed that 7.6% of employees experience hyper stress. Beyond the health and safety considerations of this finding, the challenges for performance is also significant.

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.

The plan is based on:

- ▶ developing vigilance clusters within the Group alongside active monitoring units. Medical and social services have a considerable role to play on a daily basis, both in terms of remaining alert to situations that generate distress and of providing the appropriate support where needed.

In more general terms, all employees, starting with managers, have been made increasingly aware of the issue of psychosocial risks, a topic of concern to all employees.

For practically all the "acute" cases identified in the Group, the vigilance clusters did their job effectively.

The challenge for PSA Peugeot Citroën is to replicate the motivation in other areas, such as preventive actions and the treatment of cases of employees experiencing hyper stress.

The two main levers to identify the behaviours to adapt in order not to contribute to the development of risk factors are:

- ▶ Action Plans: Action Plans are generally coordinated as part of the work of management committees, Workplace Health and Safety Management System rituals or, less frequently, during specific meetings with the HR function and/or occupational physicians. Working groups were formed in divisions and also in sub-entities (services, Responsibility Unit, etc.).

Actions were established in the context of relocations, job mobility and changes in job descriptions;

- ▶ developing skills: the requisite skills in this area are developed individually on a self-assessment basis using the 29 workplace stress factors monitored in the Group, and through a targeted training drive aimed at managers, support functions and the trade unions.

86% of senior management state that they have distributed the self-assessment table to their employees and have used the feedback to adapt their management practices.

The self-assessment table was distributed in all divisions in general. It is an excellent resource for educating and raising awareness among managers of the issue of psychosocial risks. The system is perceived as an opportunity for dialogue, sharing and progress globally.

Training is dispensed by an international training body to guarantee a consistent message in all countries, based on an e-learning module and a classroom-based session lasting either a half-day or a full day, depending on the Group. The training plan is systematically rolled out in all entities. As at 31 December 2012, 3,805 people were trained in France, 551 in Spain and Portugal and 265 in Latin America;

- ▶ assessing the situation and trends: measurement of stress and stress factors was undertaken in France using a workplace stress evaluation and monitoring tool. The system was rolled out by the Health and Safety Department to detect potential individual problems and to have a collective measure of stress in the workplace. In 2012, 17,901 employees filled out confidential questionnaires (note: 16,727 questionnaires were filled out in 2011 and 14,308 in 2010). As a result of the programme, the Group now has data for analysis as the basis for the preparation of Action Plans. A similar process has been established in Spain.

## 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.



An Intranet site was developed containing all the road safety rules and procedures applicable to road testing of vehicles during the design stage to further strengthen appropriation of safety rules. Requirements for operations on the road were strengthened and all employees concerned received theoretical and practical training in the appropriate prevention principles.

Measures implemented under the Workplace health and safety management system (SMST) target greater education of employees who may be called on to occasionally use company cars for business trips. The Group also ensures that valid driving licences are held.

Awareness campaigns continue at all Group sites under the occupational road risk prevention campaign, concentrated during Road Safety Week and at peak holiday periods and in cooperation with external partners (the police force, insurance companies etc.).

During the safety days organised at the Madrid site in 2012, five hours in every session were devoted to enhancing safety on the road.

The main safety-related actions during 2012 focused on maintaining our awareness-raising campaigns and expanding them to contractors' personnel and temporary staff working regularly at our sites.

### 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. "STOP" audits take place at industrial sites, in the sales network and support functions. Supported by a major training plan for managers, this participative approach drives progress in safety performance.

## 5.4.4. AN ACTIVE COMMITMENT TO HEALTH

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.

Aiming to safeguard the health of all its employees, 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.

### HEALTH-RELATED PROGRAMMES UNDER WAY IN THE GROUP

As part of the health plan, various training, prevention, assistance and treatment programmes are offered throughout the Group, based on the risks present in our entities. The training plan stems from the risk assessments conducted during the design and series production phases and in after-sales.

Examples of the main training programmes for employees across the Group include:

- ▶ training in mechanical risk prevention: the aim of these courses is to raise awareness amongst supervisors and personnel of the risks in their workstation environment. Machine safety, personal protective gear, and working at heights are some of the topics covered;
- ▶ training in chemical risk prevention: preventing the risk of inhalation, absorption, skin absorption and ingestion also receives attention through training delivered on such topics as toxicology, bacteriology and other health risks, in tandem with our air quality assessments. In response to changes in European regulations, training is also required on new labelling of chemical products;
- ▶ training in electrical risk prevention: electrical risk factors are a major source of serious injury caused by industrial facilities, building equipment and vehicles running on electrical power. Employees potentially exposed to this type of risk receive training leading to specific accreditation up to the most stringent international standards;
- ▶ training in road risk prevention: programmes tailored to the different on-road situations that may occur within PSA Peugeot Citroën have been developed and dispensed to all employees concerned. Other training programmes target road safety when commuting to and from work. Lastly, training for handling equipment operators is rigorously and systematically monitored and updated as necessary to meet the needs of the environment;
- ▶ training in psychosocial prevention: detecting early warning signals is a central focus of preventing psychosocial risks. Additional courses are designed for health professionals and HR personnel;

## 5.4. Workplace health and safety: a top priority

- ▶ ergonomic awareness training: correct gestures and postures: learning the correct gestures and postures is essential for the prevention of disorders and illnesses caused by posture and repetitive strain. Onboarding of new hires includes training in correct gestures, while ergonomic awareness training in general is coordinated between the occupational Health Departments and management, particularly as regards correct gestures and postures. Individual physiotherapy sessions are offered to employees experiencing difficulty;
- ▶ emergency response and first aid training: in an emergency, training is crucially important in helping to limit the consequences of an event. First aid courses cover topics such as using defibrillators, fire safety procedures and training of in-house first aid teams. Additional specialised training is delivered by the teams tasked with responding to pollution risk;
- ▶ public health awareness training: reflecting a general concern for public health risks, the occupational Health Departments also

run campaigns on such issues as nutrition, addiction prevention, vaccination awareness, information on cardiovascular risk and contamination risks.

In addition to programmes for Group employees, others training initiatives involve their families. Examples include:

- ▶ 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.

Training is also provided to members of the local community on a range of issues, including first aid, and participation in a variety of health-related campaigns and events.

OCCUPATIONAL ILLNESSES BY REGION **G.10**

The priority focus is on job-related diseases, which are covered by active prevention programmes in every plant and facility.

(For 2012)

	France	Rest of Europe	Rest of the world	Total
Musculoskeletal disorders of the upper limbs	263	5	5	273
Musculoskeletal disorders associated with carrying heavy loads	15	1	0	16
Asbestos-related occupational illnesses	26	0	0	26
Noise-related hearing loss	14	0	3	17
Other	8	1	0	9
<b>TOTAL</b>	<b>326</b>	<b>7</b>	<b>8</b>	<b>341</b>

In 2012, Group units declared occupational illnesses for 341 employees, of which 96% were in France, 2% in the rest of Europe and 2% in the rest of the world. This represents a reduction compared to the previous year.

Of the total declarations, 80% concerned illnesses related to musculoskeletal disorders of the upper limbs, 5% musculoskeletal disorders associated with carrying heavy loads, 8% asbestos-related illnesses, 5% hearing loss and 3% 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
South Africa	Health and Safety Committee	Employer representatives Employee representatives
Algeria	Joint Health and Safety Commission	Employer representatives Employee representatives Occupational physicians
Germany	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians Safety manager External consultant
	Health Committee	Employer representatives Employee representatives Occupational physicians
Argentina	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
Denmark	Safety and Health Committee	Employee representatives Employer representatives
	Industrial Hygiene and Safety Committee	Employee representatives Employer representatives
Spain	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
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
Morocco	Industrial Hygiene and Safety Committee	Employer representatives Employee representatives Occupational physicians
Mexico	Health and Safety Committee	Employee representatives Employer representatives
Netherlands	Health and Safety Committee	Employee representatives Employer representatives
Portugal	Industrial Hygiene and Safety Committee	Employee representatives Health and safety manager Employer representatives Occupational physicians



Country	Organisation	Membership
United Kingdom	Health and Safety Committee	Employee representatives Employer representatives Health and safety officer
Romania	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians
Russia	Health and Safety Committee	Employer representatives Employee representatives
Slovakia	Working Conditions Committee	Employee representatives Employer representatives Production centre Chief Executive
Sweden	Health and Safety Committee	Employee representatives Employer representatives

More than 93% of Group employees 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 are signed every year in the countries in which the Group operates.

Examples of Group agreements signed in 2012 in the main host countries are:

### SPAIN

- Agreement on workplace health and safety commitments - signed in March 2012
- Agreement on the accident reduction bonus – signed in May 2012

### FRANCE

- PSA Peugeot Citroën agreement to provide coverage of employees' medical expenses – signed in January 2012
- PSA Peugeot Citroën agreement on the programme to monitor and prevent workplace stress – signed in June 2012

## 5.4.6. PROMOTING EMPLOYEE WELL-BEING

### 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

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. Appropriate solutions are sought, including working part of a day or a half-day, reduced working hours, etc. Part-time work is chosen by employees and not dictated by the Company. In 2012, 9,728 Group employees worked part-time schedules worldwide.

A trial was conducted in two units in France in association with employee representatives to observe the impact of telecommuting on employee well-being, working relations and operating efficiency.

A hundred or so volunteers tested telecommuting for one or two days a week during the first half of 2012. At the end of the period, the volunteers and their managers gave their feedback highlighting their satisfaction with this new approach to organising working hours and its conditions. The telecommuters, men and women of all ages, reported less fatigue and stress caused by transport to and from work, a positive impact on work-life balance and improved concentration and efficiency.



Given the outcomes of the trial, the trade unions and management decided to start negotiations aimed at signing an agreement on telecommuting in 2013.

A range of services has 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 2012, some 170 openings were offered in French daycare facilities.

Involvement in outside activities is also encouraged, with more than 80 sports, cultural and charity associations active within the Group. The PSA Peugeot Citroën Challenges multi-site sports events in different host countries 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 policy, 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.

## AN INNOVATIVE SOLUTION: MULTI-SERVICE PLATFORMS

In the framework of its Employability Management System, and in the knowledge that medical restrictions and other life contingencies can make it more difficult for certain employees to remain on the job, PSA Peugeot Citroën trialled "multi-service platforms" at the Aulnay and Sochaux sites at the end of 2011. The objective is to develop individual employability by trying new activities and supporting transition through professional training.

After one year, the trial has proved a success and the 50 employees involved not only showed commitment but also gradually regained confidence in their professional abilities. New horizons explored range from learning electronic document management skills to building completion work. Employees received support and encouragement for their transition to new jobs through training and the development of activities in line with their capabilities. In an environment adapted to their needs and with individual support, the social indicators are positive with a sharp improvement in absenteeism rates and zero workplace accidents.



## 5.4.7. ORGANISATION OF WORKING HOURS **G.4**

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 2012, despite the recession in the European automotive 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.

### SHORT-TIME WORKING

(At 31 December)

		Total
Automobile Division	2012	7,093,162
	2011	2,656,547
	2010	1,737,650
Banque PSA Finance	2012	208
	2011	0
	2010	20
Other businesses	2012	15,279
	2011	0
	2010	14,840
<b>TOTAL</b>	2012	<b>7,108,649</b>
	2011	2,656,547
	2010	1,752,510

In 2012, 7.11 million unworked hours under short-time working arrangements were recorded by the Group, reflecting the severe impact of the sagging European market.



## NUMBER OF PART-TIME EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS

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.

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	2,293	6,966	6	9,265
	2011	2,180	2,800	18	4,998
	2010	2,715	2,760	10	5,485
Banque PSA Finance	2012	45	309	0	354
	2011	44	302	0	346
	2010	45	190	0	235
Other businesses	2012	104	5	0	109
	2011	66	5	0	71
	2010	65	0	0	65
<b>TOTAL</b>	2012	2,442	7,280	6	9,728
	2011	2,290	3,107	18	5,415
	2010	2,825	2,950	10	5,785

As of 31 December 2012, 9,728 employees worked part-time worldwide, of which 2,240 worked half-time. Of the total, 39% were women and 61% were men.

Since 1 January 2010, employees on partial retirement in Spain are accounted for on the basis of actual hours worked rather than being systematically classified as part-time employees.

## MATERNITY, PATERNITY AND PARENTAL LEAVE

Maternity and paternity leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods.

Parental leave enables employees in certain countries to take time off work to raise their young children.

(At 31 December 2012)

	Maternity leave				Paternity leave				Parental leave			
	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automobile Division	484	491	360	1,335	1,848	711	495	3,054	196	599	46	841
Banque PSA Finance	0	65	12	77	0	10	8	18	0	42	7	49
Other businesses	2	1	7	10	45	9	8	62	2	1	1	4
<b>TOTAL</b>	486	557	379	1,422	1,893	730	511	3,134	198	642	54	894



## RENEWED COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

### 5.4. Workplace health and safety: a top priority

## NUMBER OF EMPLOYEES ON SPECIAL WORK SCHEDULES

(At 31 December)

		France			Rest of Europe			Rest of the world			Total		
		2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Automobile Division	Double shifts <sup>(1)</sup>	25,930	24,976	26,225	10,450	9,298	8,534	5,285	1,765	2,109	41,665	36,039	36,868
	Triple or night shifts <sup>(2)</sup>	8,275	9,586	6,492	1,975	1,967	4,054	840	877	1,241	11,090	12,430	11,787
	Weekend <sup>(3)</sup>	1,310	1,439	869	175	163	77	0	1	28	1,485	1,603	974
Banque PSA Finance	Double shifts	0	1	0	0	0	0	0	0	0	0	1	0
	Triple or night shifts	0	0	0	0	0	0	0	0	0	0	0	0
	Weekend	0	0	0	0	0	0	0	0	0	0	0	0
Other businesses	Double shifts	350	312	2,040	0	0	0	0	0	0	350	312	2,040
	Triple or night shifts	5	6	60	0	0	0	0	0	0	5	6	60
	Weekend	0	0	9	0	0	0	0	0	0	0	0	9
<b>TOTAL</b>		<b>26,280</b>	<b>25,289</b>	<b>28,265</b>	<b>10,450</b>	<b>9,298</b>	<b>8,534</b>	<b>5,285</b>	<b>1,765</b>	<b>2,109</b>	<b>42,015</b>	<b>36,352</b>	<b>38,908</b>
		<b>8,280</b>	<b>9,592</b>	<b>6,552</b>	<b>1,975</b>	<b>1,967</b>	<b>4,054</b>	<b>840</b>	<b>877</b>	<b>1,241</b>	<b>11,095</b>	<b>12,436</b>	<b>11,847</b>
		<b>1,310</b>	<b>1,439</b>	<b>878</b>	<b>175</b>	<b>163</b>	<b>77</b>	<b>0</b>	<b>1</b>	<b>28</b>	<b>1,485</b>	<b>1,603</b>	<b>983</b>

(1) Double shift: working in two teams.

(2) Triple shift: working in three teams (with a permanent night shift).

(3) Weekend shifts (generally Friday, Saturday and Sunday) are shorter than regular shifts.

In 2012, some 51,738 employees worked under special work schedules.

## OVERTIME

(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	368,951	697,341	1,065,111
	2011	691,586	689,844	2,452,095
	2010	873,535	1,016,890	3,320,860
Banque PSA Finance	2012	19,230	36,143	55,373
	2011	19,415	37,455	56,897
	2010	20,785	30,130	50,915
Other businesses	2012	12,176	0	12,176
	2011	10,643	0	10,643
	2010	7,545	0	7,545
<b>TOTAL</b>		<b>400,357</b>	<b>733,484</b>	<b>1,133,841</b>
	2011	721,644	727,299	2,519,636
	2010	901,865	1,047,020	3,379,320

In most countries, working hours are determined on an annual or multi-year basis.

## PAID ABSENCES OTHER THAN VACATION G.5

(At 31 December)

		France		Rest of Europe		Rest of the world		Total	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automobile Division	2012	3,757,531	1,350,693	1,359,880	598,152	526,339	207,497	5,643,750	2,156,342
	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
Banque PSA Finance	2012	15,601	6,227	73,733	72,790	1,211	2,124	90,545	81,141
	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
Other businesses	2012	133,658	17,065	1,696	816	0	0	135,354	17,881
	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
TOTAL	2012	3,906,790	1,373,985	1,435,309	671,758	527,550	209,621	5,869,649	2,255,364
	2011	3,627,455	564,579	1,434,880	739,813	976,518	837,921	6,038,853	2,142,313
	2010	3,674,855	575,645	1,627,725	875,800	452,320	249,180	5,754,900	1,700,625

Paid absences other than vacation totalled 8,125,013 hours, of which 5,869,649 for sick leave, 686,534 for maternity leave, 745,553 for accident-related absences and 823,277 for other reasons.

## 5.5. COMPENSATION POLICY G.3

PSA Peugeot Citroën has consistently endeavoured to maintain its employees' purchasing power, reward performance, offer compensation that is competitive with market practices and give employees a stake in the value they help to create. This same policy applies in every host country with the same objectives.

Although the crisis shaking the European automotive industry forced the Group to take specific steps in 2012, it nonetheless maintained its payroll budget throughout the world. Its compensation priorities in 2012 were to safeguard spending power for the lowest earners and to award merit raises to the highest performing individuals or to

reflect promotions to an increased level of responsibility. This process is strictly monitored to prevent any discrimination.

In 2012, 20 agreements were signed with employee representatives in Austria, Belgium, France, Germany, Sweden and the United Kingdom. These agreements not only maintained employee purchasing power, but also provided for individual performance-based bonuses. They underline the Group's commitment to achieving a balanced wage policy through consensus in a challenging economic environment, while ensuring fairness and safeguarding real wages.

### 5.5.1. FAIR AND COMPETITIVE COMPENSATION THAT REWARDS PERFORMANCE

The Group continued the gradual extension of a corporate bonus system for executive managers worldwide, with the following objectives:

- ▶ to recognise executive managers' contribution to achieving individual and collective operating targets that contribute to the Group's performance;
- ▶ to strengthen the culture of value creation in the Company;
- ▶ to gradually align the bonus policy for managers with market practices in their countries.

An additional 4,000 executive managers were eligible for the Group Bonus, under the corporate bonus system for management personnel, bringing to 13,000 the number eligible in 2012, or 50% of managers globally. Similar to the policy implemented in 2011 in Latin America and China, a specific corporate bonus system was also introduced in Russia.

In a bid to ensure clarity for all concerned, and therefore to boost the effectiveness of the compensation policy in improving performance, the Group also took steps to harmonise communication about the scheme sent to all managers. Group-wide meetings were organised during 2012 to present the new Corporate reference base of Group functions (its rationale and structure, as well as the methods in the Group for validating the level of executive managers' functions in all countries), and the principles of the compensation system.

In addition, exceptional bonuses were also paid in recognition of the specific challenges of some jobs. To support the Group's strategy of innovation and protection of industrial property, the bonus system for patent filing, created several years ago, was extended to other countries, and to research centre locations in particular (China and Latin America).

#### TOTAL PAYROLL BY REGION

(At 31 December 2012)

(in thousands of euros)		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	4,225,516	1,063,984	480,567	5,769,066
	2011	4,375,199	1,130,883	414,535	5,920,616
	2010	4,249,337	1,167,295	333,359	5,749,990
Banque PSA Finance	2012	50,126	89,188	7,917	147,231
	2011	49,426	85,881	6,550	141,856
	2010	47,865	81,243	5,348	134,455
Other businesses	2012	81,287	5,694	0	86,981
	2011	96,652	5,448	0	103,354
	2010	98,358	4,996	0	103
<b>TOTAL</b>	2012	4,355,929	1,158,866	488,484	6,003,279
	2011	4,521,277	1,222,212	421,085	6,164,574
	2010	4,395,560	1,253,534	338,707	5,987,801

In 2012, total payroll costs came to €4,294,197, while related payroll taxes amounted to €1,709,081.



## GROUP MINIMUM WAGE VERSUS LOCAL STATUTORY MINIMUM WAGE, BY COUNTRY <sup>G.34</sup>

(For 2012, base 100)

Country	Ratio	Local statutory minimum wage
Germany	100	Local legal minimum wage
Argentina	140	Local legal minimum wage
Austria	100	Local legal minimum wage
Belgium	123	Guaranteed average minimum monthly income
Brazil	203	Local legal minimum wage
China	100	Regional minimum wage (Shanghai)
Spain	141	Local legal minimum wage
France	125	Local legal minimum wage
Italy	121	Local legal minimum wage
Netherlands	108	Local legal minimum wage (for people over 23)
Poland	125	Local legal minimum wage
Portugal	138	Local legal minimum wage
United Kingdom	100	Local legal minimum wage
Russia	407	Regional legal minimum wage
Slovakia	194	Local legal minimum wage
Switzerland	N/R*	No legal minimum wage; no industry agreements
Turkey	100	Local legal minimum wage

\* N/R: Not relevant.

Information is reported for countries representative of the Group's organisation 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 TECHNICIANS AND SUPERVISORS (TAM), FRANCE***(Peugeot Citroën Automobile France, in 2012, 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		Technicians and supervisors	
Ratio of average salary, men to women		Ratio of average salary, men to women	
170	99.8	190	N/M
175	99.46	195	N/M
180	99.8	200	N/M
185	100.5	215	N/M
190	101.0	225	N/M
195	100.8	240	N/M
200	100.5	255	104
215	100.4	270	102.3
225	101.6	285	99.2
240	102	305	98.2
255	103.1	320	98.9
270	105.8	335	95.3
285	N/M	365	96

In 2012, the average increase in compensation (excluding bonuses) was higher for women than men among operators and administrative employees, technicians and supervisors. The increase for all operators, administrative employees, technicians and supervisors was 2.78% for women and 2.57% for men.

The increase for operators and administrative employees was 2.86% for women and 2.68% for men.

The increase for technicians and supervisors it was 2.71% for women and 2.57% for men.

**RATIO OF AVERAGE SALARIES OF MEN TO WOMEN MANAGERS***(Countries where the Group has manufacturing operations, in 2012, 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	101.4
1	101.8
2	100.1
3A	100.8
3B	102.1
3C	114.0

## ARGENTINA, BRAZIL, SPAIN, PORTUGAL, SLOVAKIA, 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	N/M	N/M	N/M	N/M	N/M
Upper management	105.8	101.7	100.7	N/M	119.9	109.2
Middle management	103.5	109.2	109.9	111.1	100.2	103.4
Junior managers	105.5	108.9	109.9	128.1	103.4	91.3

N/M = not material.

## 5.5.2. EMPLOYEE BENEFITS

### EMPLOYEE BENEFITS: OVERALL COMPENSATION AND SOCIAL RESPONSIBILITY

Employee benefits in all host countries supplement the Group's compensation policy in an "overall remuneration" approach designed to meet the challenges of offering competitive and motivating compensation while meeting the Group's social responsibility commitments. For example, the Group is committed to providing major risks and life coverage for all employees worldwide.

In 2011, PSA Peugeot Citroën set up a worldwide partnership with an insurance company to improve healthcare, death and disability cover, in line with local practices, and optimise costs, benefiting both the Group and its employees. The partnership was maintained in 2012 and now covers all countries, outside France, where the Group has employees. A number of calls for tender were issued in 2012 for death, disability and health cover (Brazil, Czech Republic, Italy, Japan, Portugal, Russia, Slovakia, Spain, etc.) and resulted in improving policies or reducing the cost of some types of cover. Improvements were obtained for death and disability cover in Italy and Romania, for example.

A highlight of 2012 in France was the effective implementation of unique harmonised health insurance system for all employee categories, following the agreement signed with the trade unions in

October 2011. The policy offers good health cover, funded by the Company for the most part. After a protracted period of preparation and providing information to employees (brochures, information meetings, on-site advice, etc.) the scheme came into effect on 1 July. The health insurance supplements the Company's death and disability cover, in place in accordance with the collective agreement of 2009, and which has also been harmonised for all employee categories.

### GIVING EMPLOYEES A STAKE IN THE GROUP'S EARNINGS

The arrangements according to the three-year profit-sharing agreement in France gave employees a share in the Group's 2011 results, based on quality (manufacturing and customer service), employee safety (workplace accident frequency rate) and financial criteria (recurring operating income and free cash flow). Payments were made in 2012 under these profit-sharing agreements based on the results achieved by the Group in 2011. Local profit-sharing agreements are in place in Brazil and in Italy. In all other countries, the profit-sharing amounts due for the Group's 2011 recurring operating income were distributed to employees in 2012.

### DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

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.

(At 31 December)

(Rounded to the nearest million euros)	2010	2011	2012
Total France – discretionary and non-discretionary profit-sharing (Group agreement)	56	48	29
Discretionary and/or non-discretionary profit-sharing programmes in other French subsidiaries*	13	13	0
Discretionary programmes in foreign subsidiaries	11	8	0
<b>TOTAL</b>	<b>80</b>	<b>69</b>	<b>29</b>

\* 2010 and 2011 data concern GEFCO. 2012 data do not include GEFCO.

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 2012 earnings, €29 million was distributed in 2012 to Automobile and Finance Division employees.

## EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)

To give employees a stake in their Company's growth, a variety of corporate savings plans have been set up. In France, employees have the opportunity to invest in a PSA Peugeot Citroën employees' fund, while in Germany, Spain, Portugal and the United Kingdom, they can select from a variety of investment vehicles depending on local legislation. In each case, the Group provides a matching contribution to encourage employee participation.

The corporate savings plan comprises three components:

- ▶ the plan invested in Group 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.

Plan entitlements are granted according to the same terms and conditions to both full-time and part-time employees, adjusted for hours worked in the case of part-time workers. Subject to seniority conditions, employees on fixed-term contracts are also entitled to join the plan.

In March 2012, PSA Peugeot Citroën organised a €1 billion capital increase reserved for shareholders. In France, the PSA Peugeot Citroën employee mutual fund (FCPE) participated in this capital increase by selling a portion of its preferential subscription rights to acquire shares at preferential rates. An equivalent mechanism was established for employees invested in the International Employee Savings Plan in Germany, Portugal, Spain and the UK. The share of Group equity held by employees through these profit-sharing plans, based on matching contributions from the employer for every employee contribution, is greater than 3%, implying the involvement from 2013 of an employee representative on the Supervisory Board.

	Employee contributions 1 Jan.-31 Dec. (in million euros)			Employer contributions 1 Jan.-31 Dec. (in million euros)			Number of employees investing* 1 Jan.-31 Dec.		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Automobile Division	21.07	38.03	17.77	9.34	15.85	7.93	12,799	19,838	39,052
Banque PSA Finance	0.44	0.57	0.30	0.20	0.25	0.13	183	303	428
Other businesses	0.51	0.76	0.61	0.22	0.30	0.29	222	379	687
<b>TOTAL</b>	<b>22.02</b>	<b>39.36</b>	<b>18.68</b>	<b>9.76</b>	<b>16.4</b>	<b>8.35</b>	<b>13,204</b>	<b>20,520</b>	<b>40,167</b>

\* Reinvestment of discretionary profit-shares, non-discretionary profit-shares and voluntary contributions.

The Group paid more than €8.36 million in matching contributions into the local employee savings plans in 2012.

## INTERNATIONAL EMPLOYEE SAVINGS PLAN

(At 31 December)

	Employee contributions (in million euros)			Employer contributions (in million euros)			Number of participants		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
United Kingdom	0.92	1.00	0.98	0.47	0.56	0.51	877	780	741
Spain	0.22	0.23	0.14	0.11	0.16	0.09	188	233	81
Germany	0.27	0.31	0.22	0.14	0.15	0.11	244	223	155
Portugal	0.04	0.03	0.01	0.02	0.02	0.01	25	27	14
<b>TOTAL</b>	<b>1.45</b>	<b>1.57</b>	<b>1.35</b>	<b>0.74</b>	<b>0.89</b>	<b>0.72</b>	<b>1,334</b>	<b>1,263</b>	<b>991</b>

2010 and 2011 data concern GEFCO. 2012 data do not concern GEFCO.

## SUPPLEMENTARY PENSION PLANS BY DIVISION ▲

		Employer contributions 1 Jan.-31 Dec. (in thousand euros)	Employee contributions 1 Jan.-31 Dec. (in thousand euros)	Number of participating employees
Automobile Division	2012	36,536	15,480	49,248
	2011	36,693	15,855	52,160
	2010	37,150	15,798	55,349
Banque PSA Finance	2012	2,478	714	1,378
	2011	2,263	694	1,167
	2010	2,116	660	1,322
Other businesses	2012	663	330	824
	2011	564	281	839
	2010	566	283	841
<b>TOTAL</b>	2012	<b>39,678</b>	<b>16,523</b>	<b>51,450</b>
	2011	39,520	16,830	54,166
	2010	39,832	16,741	57,512

## SUPPLEMENTAL PENSION PLANS BY REGION ▲

	Employer contributions 1 Jan.-31 Dec. (in thousand euros)			Employee contributions 1 Jan.-31 Dec. (in thousand euros)			Number of participating employees		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
France	22,424	21,324	20,989	11,192	10,731	10,754	41,452	36,608	33,550
Rest of Europe	21,010	19,231	15,532	5,368	6,272	3,946	17,356	17,804	15,576
Rest of the world	1,619	2,369	3,157	1,715	1,900	1,823	2,378	2,782	2,324
<b>TOTAL</b>	<b>45,053</b>	<b>42,924</b>	<b>39,678</b>	<b>18,275</b>	<b>18,903</b>	<b>16,523</b>	<b>61,186</b>	<b>57,194</b>	<b>51,450</b>

2010 and 2011 data include GEFCO. 2012 data do not include GEFCO.

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.

## EXTENDING PENSION COVERAGE WITH DEFINED BENEFIT PLANS ▲

At end-2012, future benefit obligations under defined benefit plans amounted to €3,819 billion, of which €3,214 billion 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.

## 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.

Nearly €230 million were spent in 2012 by the Group (Automobile and Finance Divisions) on social benefits. Representing 3.8% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, corporate concierge services, daycare centres, health care and personal protection insurance, as well as subsidies paid to Works Councils in France for employee welfare programmes.



## 5.6. A DEEP COMMITMENT TO SOCIAL RESPONSIBILITY **G.15**

### 5.6.1. WORKING TOGETHER

#### BRINGING TOGETHER THE BEST TALENTS

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 2009, PSA Peugeot Citroën was one of the first French companies to obtain France's Diversity Label, which was renewed in 2012. It is awarded following a stringent certification and site audit process by the French Standards Authority AFNOR. Eight different Group sites were audited in 2012.

The label recompenses the long-standing HR policies and best practices to promote diversity and equal opportunity and to prevent discrimination.

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.

#### 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 third time in December 2012 to review the deployment of the Worldwide Diversity Commitment and to conduct a self-assessment. The review underscored the extensive involvement by the country organisations, which are developing a real awareness of the importance of these issues, reflected in the 131 Action Plans implemented to reinforce awareness of diversity. In leading the diversity process in their country, the correspondents use a deployment kit and share best practices within the global correspondents' network.

After contributing to formally stating their commitment, establishing progress indicators and objectives and applying rigorous procedures aiming to exclude all forms of discrimination, Action Plans now give priority to communication to employees and outside partners to promote gender equality and diversity in the workplace.

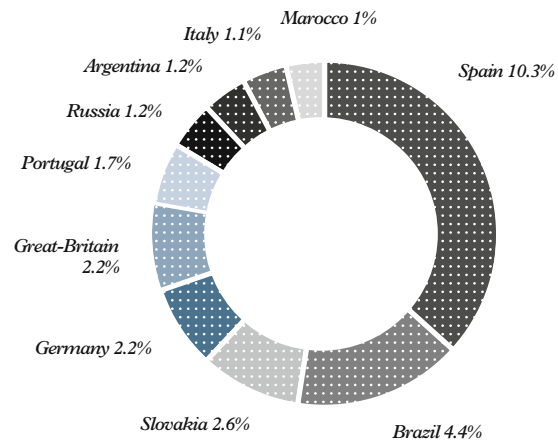
## TRAINING EVERY MANAGER IN DIVERSITY ISSUES

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. 3,500 managers have been trained in the past five years.

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 10 NATIONALITIES (OTHER THAN FRENCH)

(At 31 December 2011 – percentage of total workforce)

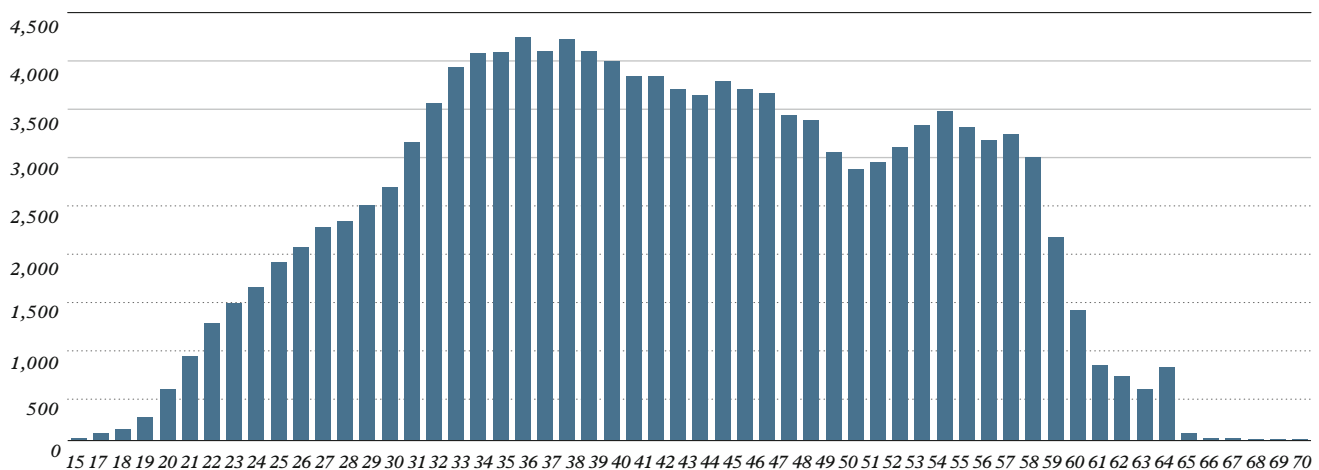


The top 10 nationalities other than French represented in the workforce accounted for more than 31.7% of the total.

The Group employs more than 46,608 non-French employees, or 38% of the workforce, and 132 nationalities are represented.

## AGE PYRAMID ▲

(Employees under permanent and fixed-term contracts, at 31 December 2012)



The different employee age groups are evenly balanced.

## MAINTAINING OUR COMMITMENT TO HIRING YOUNG PEOPLE 6.15

In 2012, we pursued the programme to bring young people into the workforce, welcoming 2,744 interns and 4,378 work-study programme participants (including skills-acquisition and apprenticeship contracts).

The programme is designed to maintain a well-balanced age pyramid and provide Group support for training the next generation and ensuring the transfer of knowledge and expertise. Profiles and training are chosen based on the job family management system and the findings of the jobs observatory. PSA Peugeot Citroën gives many young people the opportunity to discover first-hand the jobs and values of a large manufacturer.



## HIRING AND MOTIVATING OLDER EMPLOYEES

PSA Peugeot Citroën does not believe in maintaining a separate policy for employees over 50, who represent nearly 27% of the total workforce. 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.

Retaining and motivating older employees forms part of our engagement with corporate social responsibility to guarantee equal opportunity and treatment for all, irrespective of age.

The measures in this agreement seek to recognise the importance of older employees in the Company, to consider their experience as a strength to be leveraged by the Group, and to work across the generations to strengthen social cohesion and economic efficiency.

## DISABLED EMPLOYEES G.14

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automobile Division	2012	5,393	532	44	5,969
	2011	5,096	538	47	5,681
	2010	5,095	490	40	5,625
Banque PSA Finance	2012	13	25	0	38
	2011	8	23	0	31
	2010	10	20	0	30
Other businesses	2012	6	1	0	7
	2011	8	1	0	9
	2010	50	0	0	50
<b>TOTAL</b>	2012	<b>5,412</b>	<b>558</b>	<b>44</b>	<b>6,014</b>
	2011	5,112	562	47	5,721
	2010	5,155	510	40	5,705

Worldwide, the Group employs 6,014 disabled people, as defined by local legislation.

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. In the Automobile Division in France, 8.3% of employees are classified as handicapped (including sheltered workers under contract), above the mandatory national rate of 6%.

In all, 81% of disabled employees are operators, 14% are technicians and supervisors (TAM) and 4% are managers.

In France, nearly €2.5 million is spent on programmes related to hiring and retaining the disabled.

In addition to these direct hires, we were also one of the leading manufacturers in France for sourcing from sheltered workshops, with purchases representing value added of €35 million.

In 2011, the Group and five trade 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.

Several communication and awareness campaigns are conducted across the Group. For example, a number of Group facilities in France mobilised to participate in the country's Hire the Disabled Week by organising events to get employees involved in this issue.



## 5.6.2. CONTINUING TO INCREASE THE PERCENTAGE OF WOMEN IN THE WORKFORCE **G1B**

### 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 to Portugal in 2013.

### 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 automotive 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 19.1% in 2012. 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 2012, the executive and senior management teams included 90 women and 792 men, for a rate of 10.2% versus 5% in 2008. Executive Management has set an objective of 15% women for the senior management teams by 2015, marking its commitment to gender diversity in senior management.

Created in the spring of 2010, the "Women Engaged for PSA Peugeot Citroën" network now has more than 160 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.

### PARENTAL LEAVE INTERVIEW: SUPPORT FOR WORKING PARENTS

The Group confirmed its strong commitment to increasing the number of women in the workforce and to developing gender equality by including specific measures in the new agreement, signed in France in 2011, to support working parents in the Company, seen as a vital condition for achieving work-life balance.

In October 2012, the Group introduced two interviews in preparation for child-related leave (maternity, adoption or parental leave), offered to all its employees in France (women and men). One interview takes place in preparation for the leave and the other on their return. Conducted by their line manager, the interviews set out to prepare the employee for their return to the workplace (mobility and training needs, changes to working hours, etc.) and to review the current position in coordination with the annual performance review (covering topics such as progress with missions, preparation for periods of absence, etc.).



## NUMBER OF WOMEN EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS

(At 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	% increase 2002-2012
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	19,980	21,190	22,446	10,087	-37.86%
Technicians and supervisors	14,420	15,510	16,655	16,395	16,175	15,650	15,610	14,600	15,285	16,012	8,823	-38.88%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	6,155	6,650	7,588	4,621	8.86%
<b>TOTAL</b>	<b>34,900</b>	<b>36,385</b>	<b>41,085</b>	<b>41,400</b>	<b>43,560</b>	<b>44,270</b>	<b>43,555</b>	<b>40,735</b>	<b>43,125</b>	<b>46,046</b>	<b>23,531</b>	<b>-26.84%</b>

The change in the period 2011 to 2012 is due primarily to the exclusion of the GEFCO Transport & Logistics Division from the scope of consolidation.

Women account for 19.7% of engineers and managers, 27.4% of technicians and supervisors (TAM) and 14.9% of operators and administrative employees.

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.

## PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS

(At 31 December)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
% women in the workforce	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%	21.9%	21.8%	22.0%	19.1%

The change in the period 2011 to 2012 is due primarily to the exclusion of the GEFCO Transport & Logistics Division from the scope of consolidation.

## EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND REGION <sup>6.1b</sup>

(At 31 December)

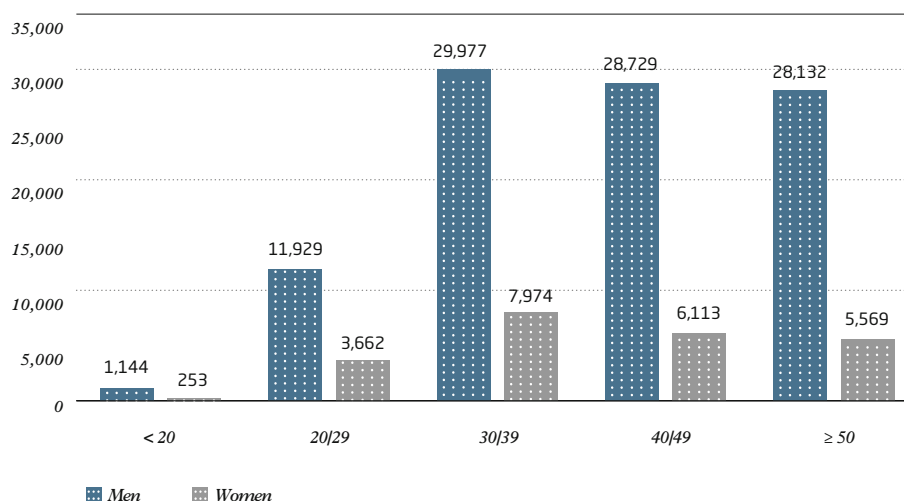
	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automobile Division	13,222	62,914	6,438	22,158	1,878	10,764	21,538	95,836
Banque PSA Finance	485	344	890	829	48	73	1,423	1,246
Other businesses	558	2,820	12	29	0	0	570	2,849
<b>TOTAL</b>	<b>14,265</b>	<b>66,078</b>	<b>7,340</b>	<b>23,016</b>	<b>1,926</b>	<b>10,837</b>	<b>23,531</b>	<b>99,931</b>

PSA Peugeot Citroën has deployed a Worldwide Diversity Commitment that is applicable in all the subsidiaries and countries in which it has a presence. It contains strong principles, expressed as Action Plans, to promote gender equality in the workplace. The

differences between the number of women in the workforce in different geographic areas mainly reflect the types of activity carried out and the seniority of current employees.

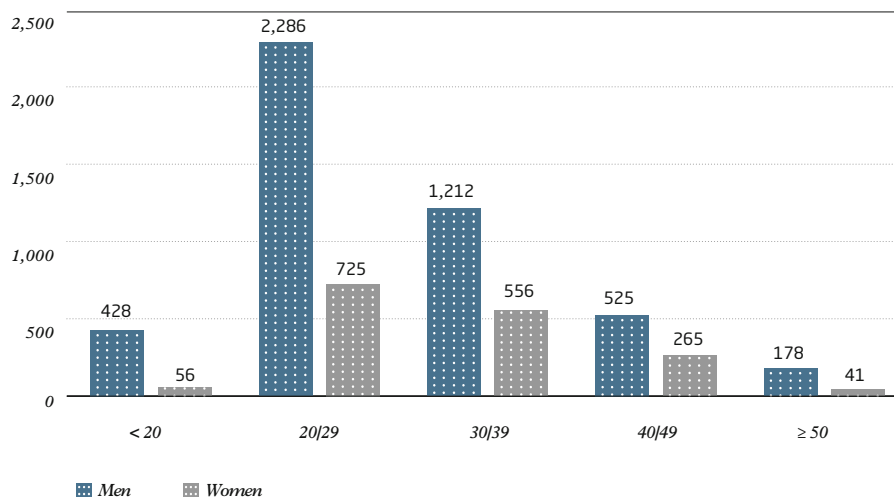
## EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER

(At 31 December 2012)



## NEW EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY AGE GROUP AND GENDER

(At 31 December 2012)



## PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT CONTRACTS, BY AGE GROUP

(At 31 December 2012)

	<20	20-29	30-39	40-49	≥50	Total
Number of women hired	56	725	556	265	54	1,643
Percentage of total hires	11.6%	24.1%	31.4%	33.5%	24.7%	26.2%



## PERCENTAGE OF WOMEN MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP

(At 31 December 2012)

	<30	30-39	40-49	≥50	Total
Number of women managers	451	1,971	1,461	738	4,621
Total number of managers	1,510	7,750	8,477	5,727	23,464
<b>% OF WOMEN MANAGERS</b>	<b>29.9%</b>	<b>25.4%</b>	<b>17.2%</b>	<b>12.9%</b>	<b>19.7%</b>

Women accounted for 29.9% of managers under 30 and 12.9% of managers over 50.

## PERCENTAGE OF WOMEN MANAGERS

(At 31 December 2012)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Percentage of women managers	15.3%	16.5%	17.3%	17.9%	18.6%	18.9%	19.1%	19.3%	19.9%	19.7%

The data previous to 2012 includes GEFCO and Faurecia.

## SENIOR EXECUTIVES

(At 31 December 2012)

	30-39	40-49	≥ 50	Total
Men	38	298	346	682
Women	10	52	20	82
<b>TOTAL</b>	<b>48</b>	<b>350</b>	<b>366</b>	<b>764</b>

“Senior managers” includes senior managers in charge of adapting and implementing the Group’s strategy, policies and programmes. It does not include members of the Executive Committee or senior executives.



Nationality	Number	%
French	638	83.5%
Spanish	33	4.3%
German	13	1.7%
British	13	1.7%
Belgian	12	1.6%
Italian	8	1%
Argentine	7	0.9%
Brazilian	6	0.8%
Portuguese	5	0.7%
Chinese	5	0.7%
Switzerland	4	0.5%
Dutch	3	0.4%
Polish	3	0.4%
American	2	0.3%
Austrian	2	0.3%
Russian	2	0.3%
Danish	1	0.1%
Moroccan	1	0.1%
Lebanese	1	0.1%
Romanian	1	0.1%
Croatian	1	0.1%
Japanese	1	0.1%
Slovak	1	0.1%
Turk	1	0.1%
<b>TOTAL</b>	<b>764</b>	<b>100.0%</b>

## EXECUTIVE MANAGEMENT

*(Automobile Division, at 31 December 2012)*

PSA Peugeot Citroën is led by a six-member Managing Board.

The Executive Committee comprises the six members of the Managing Board and four Executive Vice-Presidents.

In addition, five Senior Vice-Presidents report to the Chairman of the Managing Board.

As of 31 December 2012, the Group's executive management team comprised 15 people. 12 members were French, one was Portuguese, one was German and one was from the UK.

## PREVENTING WORKPLACE HARASSMENT, DISCRIMINATION AND VIOLENCE

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, use traditional channels. They may anonymously contact identified managers responsible for diversity and/or harassment issues.

"Harassment" and "Diversity" mailboxes are also provided for employees to report problems, which will trigger a full internal investigation by HR.

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 2012, 85 complaints alleging workplace harassment, discrimination or violence were reported to the corporate Human Resources Department.

21% of the complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority. Of the others, 63% were deemed unfounded and 22% resulted in disciplinary action for the person concerned.

## 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.

An e-learning module was deployed in France in 2012, with 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.

5,500 people completed the e-learning module in 2012.



### 5.6.3. HUMAN RIGHTS

#### GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY [G.6](#) [G.7](#)

##### 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 deployment 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.

##### DILIGENT APPLICATION [G.16](#) [G.17](#) [G.18](#) [G.19](#) [G.40](#)

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. Anti-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

##### WORLDWIDE BUY-IN

The PSA Peugeot Citroën 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.

Every year, the subsidiaries deploy three Action Plans to improve their ability to fulfil the Agreement's commitments. 128 subsidiaries performed a self-assessment in 2012, which revealed 80% buy-in of the Global Framework Agreement.

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 2012, more than 370 Action Plans were defined in subsidiaries based in 35 countries on four continents.

## UPHOLDING FUNDAMENTAL HUMAN RIGHTS **G.40**

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 10 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 2012 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 **G.40**

(For 2012)

Areas	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	11,196	1,817
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	11,423	9,050
Code of Ethics	4,429	8,858
Corruption, conflicts of interest, etc.	916	397
<b>TOTAL</b>	<b>27,964</b>	<b>20,122</b>

In 2012, some 27,964 employees participated in dedicated training in Human Rights policies and procedures.

Some of the courses focused on an issue specific 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.



## A GLOBAL SOCIAL AUDIT

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. At PSA Peugeot Citroën, social audits help to drive continuous improvement processes and ensure that social policies are effectively applied. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles.

In 2012, application of the global framework agreement on social responsibility was audited in five Group subsidiaries in Spain. A campaign auditing application of the agreement on diversity and

social cohesion in the Company was launched based on a new audit framework. During 2012, application of the health and safety management system was audited at 21 sites (plants, branches and technical centres), in addition to local audits covering all subsidiaries.

As a socially responsible company, PSA Peugeot Citroën shares its social requirements with suppliers. Since 2010, 39 social and initial 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.



# 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

Main identified shareholders <sup>(1)</sup>	31 December 2010				31 December 2011				31 December 2012			
	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 <sup>(2)</sup>	19,115,760	8.17	12.47	12.19	19,115,760	8.17	13.11	12.38	22,312,608	6.29	9.93	9.64
Foncière, Financière et de Participations (FFP)	51,792,738	22.13	33.79	33.02	53,363,574	22.80	35.20	33.24	67,372,689	18.99	27.97	27.14
Maillot I	100	0.00	0.00	0.00	100	0.00	0.00	0.00	164	0.00	0.00	0.00
Société Anonyme de Participations (SAPAR) <sup>(3)</sup>	-	-	-	-	148,672	0.06	0.05	0.05	833,317	0.23	0.20	0.20
<b>Peugeot family</b>	<b>70,908,598</b>	<b>30.30</b>	<b>46.26</b>	<b>45.21</b>	<b>72,628,106</b>	<b>31.03</b>	<b>48.36</b>	<b>45.67</b>	<b>90,518,778</b>	<b>25.51</b>	<b>38.11</b>	<b>36.97</b>
Other individual shareholders	18,413,671 <sup>(4)</sup>	7.87	6.15	6.00	16,635,083	7.11	5.92	5.59	59,413,026	16.74	14.34	13.82
GM Automotive Holdings SL									24,839,429	7.00	5.96	5.78
Employees	6,538,348	2.79	3.88	3.80	7,638,100	3.26	4.54	4.29	11,452,869	3.23	3.98	3.86
Other French institutions	43,710,387	18.67	15.08	14.73	43,346,051	18.52	14.86	14.03	52,236,259	14.72	12.52	12.15
Other foreign institutions	87,290,771	37.30	28.63	27.97	76,614,552	32.73	26.32	24.86	103,600,004	29.20	24.88	24.14
Treasury stock	7,187,450	3.07	-	2.29	17,187,450	7.34	-	5.56	12,788,628	3.60	-	2.98
<b>TOTAL</b>	<b>234,049,225</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>234,049,344</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>354,848,992</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) Source: Euroclear TPI (Identifiable bearer securities service) 31 December 2012 and Thomson Reuters.

(2) Comtoise de Participation and LPPF were combined within EPF starting from December 2010.

(3) Société Anonyme de Participation (SAPAR), 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, pursuant to Article L. 621-18-2 of the French Monetary and Financial Code.

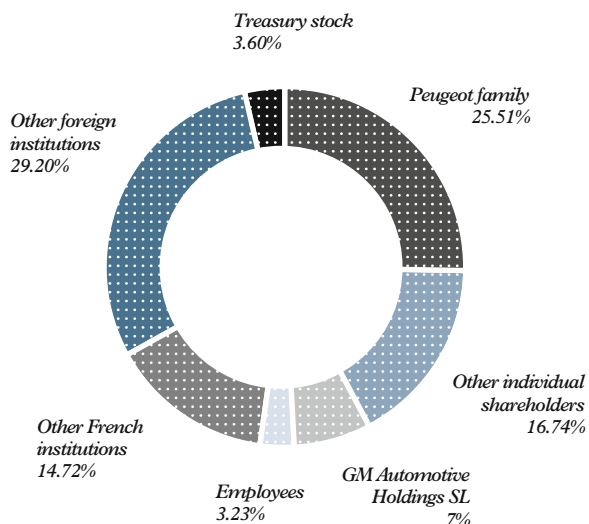
Each share entitles the holder to vote at the Annual Shareholders' Meeting.

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.

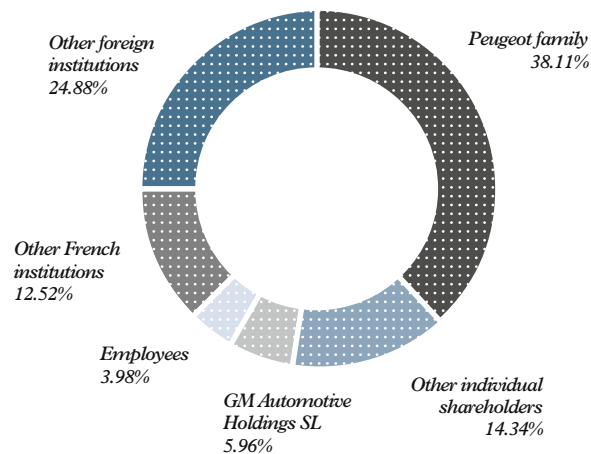
## SHAREHOLDER STRUCTURE

(At 31 December, 2012)



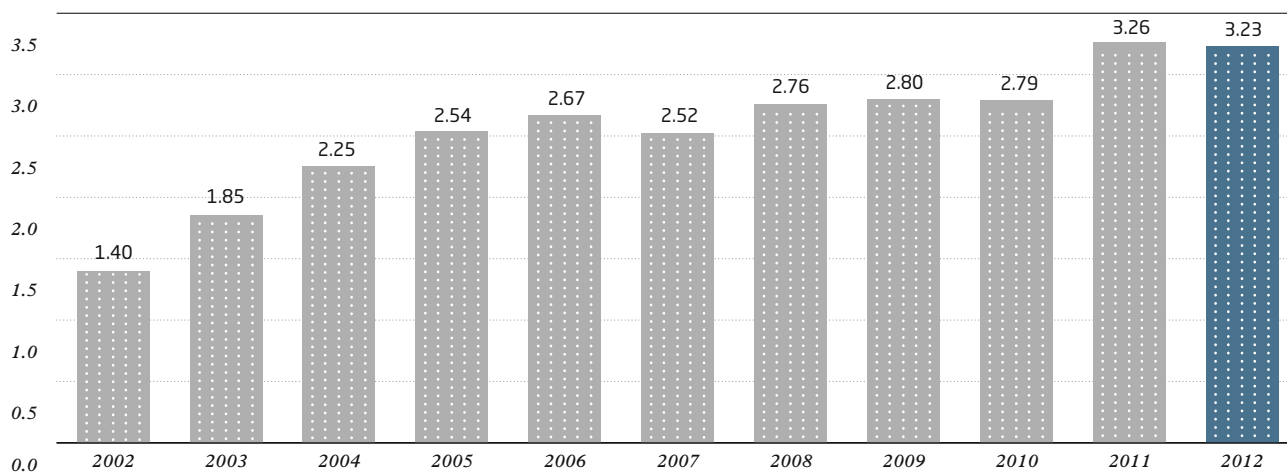
## EXERCISABLE VOTING RIGHTS, BY SHAREHOLDER

(At 31 December, 2012)



## 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](http://www.medef.com).

The table below summarises those Code recommendations that the Company has elected not to apply given the specific features of its legal structure, its operating procedures and the automotive industry in general.

Recommendation	Explanation
Independence of the Supervisory Board members	<p>The Supervisory Board applies all of the independence criteria recommended in the AFEP-MEDEF Code, with the following two exceptions:</p> <ul style="list-style-type: none"> <li>not being a Director or Supervisory Board member of the corporation for more than twelve years for Jean-Paul Parayre, Ernest-Antoine Seillière and Joseph F. Toot Jr. 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. The Group considers that the successive terms of office in excess of 12 years served by these members do not hinder their independence, and that the Group benefits from their experience in a cyclical industry, especially in periods of crisis;</li> <li>not holding a directorship or equivalent position in another Group company in the past five years for Jean-Louis Silvant: the Board considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. In addition, no member of the Supervisory Board exercises any senior executive responsibilities or is a salaried employee of a Group company. Consequently Jean-Louis Silvant is considered to be independent, even though he sits on the Board of Directors of Peugeot Suisse, a company whose operations only represent a small proportion of the Group's automotive business. Moreover, he receives no compensation for this office.</li> </ul> <p>Based on these criteria, the Supervisory Board considers that the following members may be qualified as independent:</p> <ul style="list-style-type: none"> <li>Pamela Knapp;</li> <li>Jean-Paul Parayre;</li> <li>Thierry Pilenko;</li> <li>Henri Philippe Reichstul;</li> <li>Dominique Reiniche;</li> <li>Geoffroy Roux de Bézieux;</li> <li>Ernest-Antoine Seillière;</li> <li>Jean-Louis Silvant;</li> <li>Joseph F. Toot Jr.</li> </ul> <p>Nine out of the 14 members of the Supervisory Board, i.e. 64% (instead of 58% for the prior year), therefore qualify as independent based on these criteria, which is significantly more than the AFEP-MEDEF recommendation of at least one third for controlled companies.</p>
Representative proportion of independent members on the Finance and Audit Committee	<p>50% of members are independent (compared with 40% in 2011) instead of the minimum two-thirds recommended in the Code: the presence on the Board of representatives of the Peugeot family, the Company's majority shareholder, explains why the two-thirds minimum is not achieved.</p>
Term of office of Supervisory Board members	<p>Supervisory Board members serve four-year terms from the date of the Annual Shareholders' Meeting on 25 April 2012. However, members in office on the date of this 2012 Meeting serve six-year terms.</p>
Having a variable component of attendance fees based on actual attendance.	<p>Introducing a variable component of attendance fees based on actual attendance does not seem warranted, given that:</p> <ul style="list-style-type: none"> <li>the attendance rate at Supervisory Board meetings was 96% in 2012;</li> <li>attendance rates at the various Committee meetings was close to 100% in 2012, as it was in 2011;</li> <li>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.</li> </ul> <p>Actual attendance is not a relevant criterion for judging the members' involvement and engagement.</p>

## 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.

In 2012, the Board comprised five members representing the major shareholder: Thierry Peugeot, Jean- Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Hélène Roncoroni is Thierry Peugeot's sister. Marie-Hélène Roncoroni, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are third cousins. There are no family ties among the other Supervisory Board or Managing Board members. Pamela Knapp, Thierry Pilenko, Henri Philippe Reichstul, Dominique Reiniche, 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 12 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 proposal made 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;
- ▶ Thierry Pilenko;
- ▶ Henri Philippe Reichstul;
- ▶ Dominique Reiniche;
- ▶ 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.

There are two Vice-Chairmen, who can take over from the Chairman of the Board should he be unable to attend.

Its meetings are also attended by two non-voting advisors (*censeurs*). This is a long-standing practice in the Group to bring the benefits of

their competence and long experience in the industry to the Board, as well as a long-term view of strategic objectives. Non-voting advisors are appointed by the Supervisory Board for four-year terms.

Louis Gallois was co-opted as a lead independent director by the Board at its meeting of 14 February 2013. As such, he is independent under the meaning of the AFEP-MEDEF Code. His specific duties are as follows:

- ▶ call and chair meetings of the independent members of the Supervisory Board at least once a year;
- ▶ submit suggestions or recommendations on the operation of the Board to its Chairman, after discussions with the other members;
- ▶ inform the Chairman of the Supervisory Board about any conflicts of interests identified;
- ▶ stay abreast of significant concerns regarding the governance of the Company expressed by shareholders not represented on the Supervisory Board, and make sure they are met;
- ▶ participate in steering the work of evaluating the Board's operation, in cooperation with the Chairman of the Appointments and Governance Committee;
- ▶ report on the performance of the Supervisory Board's mission, and report to the Annual Shareholders' Meeting, if necessary.

In accordance with the law, two members of the Works Council also attend Supervisory Board meetings in a non-voting capacity.

## CONFLICTS OF INTEREST CONCERNING SUPERVISORY BOARD OR MANAGING BOARD MEMBERS

The corporate officers have stated that there were no conflicts of interest during the 2012 financial year between their obligations to Peugeot S.A. and their own personal interests or other obligations, and that no such conflicts exist as of the date of this document.

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."

It was updated by the Supervisory Board in 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, including through the use of options.



## SANCTIONS APPLICABLE TO THE MEMBERS OF THE SUPERVISORY BOARD AND MANAGING BOARD

As is the case each year, each corporate officer declared that they have not:

- ▶ been convicted of any fraudulent offence in the past five years;

- ▶ been a corporate officer of a company that was declared bankrupt, or placed in liquidation or receivership in the past five years;
- ▶ been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities;
- ▶ 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 in the past five years.

## 6.1.3. GOVERNANCE STRUCTURE

### 6.1.3.1. THREE MANAGEMENT AND SUPERVISORY BODIES

#### THE SUPERVISORY BOARD

The Supervisory Board has 14 members elected by shareholders for terms reduced to four years for appointments from 25 April 2012 (while members currently in office on that date serve six-year terms) to comply with the AFEP-MEDEF Code.

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 2012 Registration Document, as well as the dates when they were elected to the Peugeot S.A. Supervisory Board.

Members of the Supervisory Board in 2012: 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, Joseph F. Toot Jr. Thierry Pilenko, and Dominique Reiniche.

Five of them are members of the Peugeot family and nine have been qualified as independent by the Supervisory Board.

There are three women and 11 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.

Having elected Pamela Knapp to the Supervisory Board in 2011, the Annual Shareholders Meeting of 25 April 2012 elected Dominique Reiniche, bringing the percentage of women members up to 21%, thereby applying the legal requirements and recommendations of the AFEP-MEDEF Code in advance.

The Board will continue its policy of appointing women and has set a target of at least 40% female membership by the end of the Annual Shareholders Meeting held in 2016, in accordance with the recommendations of the AFEP-MEDEF Code on female representation on Boards.

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.

Appointed on 17 June 2009, the members of the Managing Board at 31 December 2012 are: Philippe Varin, Chairman, Guillaume Faury, Grégoire Olivier, Frédéric Saint-Geours, Jean-Baptiste Chasseloup de Chatillon and Jean-Christophe Quemard. 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 is in charge of brands, Jean-Baptiste Chasseloup de Chatillon heads up Finance, and Jean-Christophe Quemard is in charge of Programmes.

The other functions and directorships held by Managing Board members are listed in section 14.1.2 of the 2012 Registration Document, as well as the dates when they were appointed and when their terms expire.

#### EXECUTIVE COMMITTEE

The Executive Committee comprises the six members of the Managing Board and four Executive Vice-Presidents reporting to the Chairman of the Managing Board: Yannick Bezar (Purchasing), Claude Brunet (Human Resources and Quality), Denis Martin (Industrial Operations), and Pierre Todorov (Corporate Secretary).

In addition, four Senior Vice-Presidents in charge of Latin America, Russia, Ukraine and CIS, Communication and Strategy 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

In its current version dated 13 March 2012, the Supervisory Board's internal rules define the Board's roles and responsibilities as follows:

- ▶ the Supervisory Board appoints members of the Managing Board, and can remove them from office. It 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 appropriate,
- ▶ carrying out periodic controls of the Company's management (i) on a quarterly basis by reviewing business reports presented by the Managing Board and (ii) within three months of each year-end, by examining and issuing its opinion and comments on the annual financial statements of the Company and Group, as presented by the Managing Board, and on the Management Report to the Annual Shareholders' Meeting;
- ▶ the Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision as defined by the Supervisory Board. 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 (currently €50 million);
- ▶ 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 2012, 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 in 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, including 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. A copy of the pack is usually also provided in the meeting itself.

The members of the Managing Board attend Supervisory Board meetings on topics of relevance to them, 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 generally preceded by meetings of the Finance and Audit Committee.

Ordinary Supervisory Board meetings last 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.

Pursuant to the law, two employee representatives, delegated by the Peugeot S.A. Works Council, are invited to attend each meeting of the Board in a non-voting capacity.

Two employee representatives are due to join the PSA Peugeot Citroën Supervisory Board at the end of the Annual Shareholders' Meeting on 24 April 2013:

- ▶ one as an employee shareholder, since the employees' stake in PSA Peugeot Citroën's capital exceeded 3% on 31 December 2012;
- ▶ the other in fulfilment of the undertaking to the French Government (one employee representative).

### 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 2012, the Supervisory Board conducted an annual assessment of its own work and the work performed by its Committees, based on an individual questionnaire completed by each Board member. The main topics addressed by the questionnaire were: (i) Board membership, (ii) quality of Board meetings, (iii) Board Committees, (iv) knowledge of the Group.

The improvement suggestions made in 2012 by the Board members were input to a dashboard for monitoring of the following issues:

- ▶ identification of a number of basic issues to be addressed on a regular basis (development of automotive technologies and the competitive environment, social and environmental responsibility and ethical practices, amongst others);
- ▶ measures intended to facilitate understanding of sales performance;
- ▶ changes to the organisation of Board meetings;
- ▶ shorter lead times for the provision of documents, and in general, improvement in the quality of the information provided;
- ▶ examination of the composition of the Finance and Audit Committee.

Of the steps taken in 2012 following this evaluation, we would mention (i) more frequent presentations relative to sales performance, on the basis of stable and relevant comparative data, as well as presentations of planned vehicles and component parts, (ii) amended Board meeting organisation, and (iii) the introduction of an induction process for new members.

### Supervisory Board Meetings in 2012

The Supervisory Board met 13 times in 2012, with an attendance rate of 96%.

Meetings dealt with the following topics in 2012:

- ▶ 5 February: discussions of a strategic alliance with another manufacturer; change in the Company's credit rating, medium-term plan 2012–2015;

- ▶ 14 February: Peugeot S.A.'s consolidated and individual financial statements for the 2011 financial year (in the presence of the Statutory Auditors); 2012 action plan (cost-cutting and optimised investment in the Automobile Division); proposed alliance with GM; real-estate disposals plan; sale of stake in GEFCO, authorisation for a bond issue under the Euro Medium Term Note programme; authorisation to grant guarantees for borrowings by subsidiaries; independence of the Board's members; evaluation of the Board's performance;
- ▶ 27 February: Proposed alliance with GM; authorisation to sign a "Master Agreement"; approval in principle for a capital increase of roughly €1 billion, maintaining preferential subscription rights; authorisation for the sale of treasury shares to GM; authorisation to countersign subscription commitments; Managing Board's report; Registration Document; approval of the report of the Chairman of the Supervisory Board;
- ▶ 13 March: preparation for the Annual Shareholders' Meeting of 25 April 2012; Managing Board's report on progress implementing the alliance with GM; nomination of Board members: Jean-Baptiste de Chatillon, Chief Financial Officer, and Jean-Christophe Quemard, Vice-President with responsibility for Programmes; adoption of a new version of the Board's internal rules;
- ▶ 24 April: publication of quarterly sales; Managing Board's report on progress implementing the alliance with GM; authorisation for the disposal of real-estate assets; authorisation to grant guarantees for borrowings by subsidiaries; results of the assessment of the Board's operation; upcoming appointment of two independent members to the Board's Committees (Thierry Pilenko to the Finance and Audit Committee, and Dominique Reiniche to the Strategy Committee); reappointment of an advisor (François Michelin);
- ▶ 5 June: presentation of financial guidelines by the Managing Board;
- ▶ 11 June: Group's position with reference to the publication of H1 2012 results; discussions with the Managing Board on the strategic action plan to return the Automobile Division to profitability;
- ▶ 24 July: H1 2012 results and financial statements (in the presence of the Statutory Auditors); authorisation to grant guarantees for borrowings by subsidiaries;
- ▶ 6 September: update on the agreements implementing the alliance with GM; review of bids for the sale of a majority stake in GEFCO;
- ▶ 17 September: authorisation to sign an undertaking to conduct exclusive negotiations with the JSC RUSSIAN RAILWAYS ("RZD") Group for the sale of 75% of the capital of GEFCO; financing of Banque PSA Finance; update on the alliance with GM;
- ▶ 23 October: publication of quarterly sales; financing of Banque PSA Finance; Managing Board's report on the implementation of the alliance with GM;
- ▶ 8 November: financing of Banque PSA Finance;
- ▶ 18 December: Managing Board's report on progress with the implementation of the alliance with GM; authorisation to sign contracts implementing the Master Agreement; 2013 budget, Medium-term Plan; renewal of the annual authorisation to grant sureties and guarantees; review of equal opportunity and wage equality policy; authorisation to issue a guarantee as part of the sale of receivables; proposed co-option of a new Board member.

A long-term strategy meeting was held on 6 June 2013, attended by all members of the Board.



### 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 six members, three of whom are independent:  
Jean-Paul Parayre (Chairman), Marc Friedel, Pamela Knapp, Robert Peugeot, Thierry Pilenko and Marie-Hélène Roncoroni;
- ▶ the Strategy Committee, which has eight members, five of whom are independent:  
Robert Peugeot (Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Philippe Reichstul, Dominique Reiniche, 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 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

##### Membership

The Finance and Audit Committee comprises six members, who are appointed in their own name and may not be represented by another party. Three of its members – Jean-Paul Parayre (Chairman), Pamela Knapp and Thierry Pilenko – are classified as independent in accordance with the criteria applied by the Group.

The Board considers that Pamela Knapp's 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.

The Committee works pursuant to the report of the Working Group on Audit Committees published by the AMF on 22 July 2010.

One of its primary roles is to steer the selection procedure for appointing 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 examines the Internal Audit plan for the coming year and is informed of the findings of the Internal and Risk Management Audits performed in implementing the plan.

The Finance and Audit Committee, which enjoys free access to all the information it needs, meets with the Audit and Risk Management Director and with the Statutory Auditors, with or without the presence of Managing Board members.

##### Meetings in 2012

The Finance and Audit Committee met 12 times in 2012, with an attendance rate of 97%.

It reviewed the Group's 2012 budget, strategic outlook and financing strategy during its meeting of 3 February.

The Committee reviewed the consolidated and individual financial statements for the 2011 financial year during the meeting held on 10 February, with discussions between the Committee members and the Statutory Auditors.

During its meeting of 26 February, the Committee thoroughly examined all aspects of the proposed alliance with GM, the proposed capital increase, the asset disposal plan, and the draft Registration Document. It officially recorded the guidelines presented by the Managing Board to the effect that the Company would not distribute a dividend for the 2011 financial year.

The meeting on 12 March examined the summary of the 2011 audit plan missions, the mapping of the "Group's top risks" (as they are defined in 2.4.1 below) and the 2012 audit plan. During this meeting the Committee noted that the Group had strengthened its system to combat fraud and ensure confidentiality of information. It inquired about the conditions for the capital increase and the proposed bond issue.

The Committee met on 2 and 23 April to review the results for the first quarter and their publication, the impacts of the recommendations of the Strategy Committee and the conditions for implementing the asset disposal plan.

The meetings on 16 June and 9 July focused on the financial position of the Group and of Banque PSA Finance, as well as on the prospects for returning the Group to profitability by 2015.

During the meeting of 23 July, attended by the Statutory Auditors, the Committee reviewed the half-yearly financial statements.

Meeting on 15 September, the Committee examined the process for the disposal of a majority stake in GEFCO, and on 22 October, it reviewed the Group's Q3 results and their publication, as well as the financing of Banque PSA Finance.

The Committee meeting on 17 December reviewed the draft contracts under the Master Agreement with GM, financing of Banque PSA Finance, management of 2012 cash and cash equivalents and the 2013 budget. It also examined the summary 2012 audit plan missions, the mapping of the "Group's top risks" (as they are defined in 2.4.1 below) and the 2013 audit plan.



## The Strategy Committee

### Membership

The Committee comprises eight members, appointed in their own name and not as representatives of corporate Supervisory Board members. Five of the members – Jean-Paul Parayre, Henri Philippe Reichstul, Dominique Reiniche, 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"*.

### Meetings in 2012

The Strategy Committee met five times in 2012, with an attendance rate of 97%.

In 2012, the Committee mainly reviewed preparation and development of the strategic alliance with General Motors. In addition to issues around the alliance, the work of the Committee covered the Medium-term Plan and related budget (meetings of 23 January, 19 April, 25 September and 6 November), assumptions for developments in the automotive market (25 September), and review of the products plan in the framework of the 2013 Cash Flow Plan (14 December).

During the long-term strategy meeting in June, the Committee specifically reviewed brand strategy, improving competitiveness and the strategy deployed in Asia, Latin America and Russia.

## The Appointments and Governance Committee

### Membership

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 the members – Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Jean-Louis Silvant – 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 is informed about plans to replace certain senior managers.

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.

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 AFEF-MEDEF Corporate Governance Code. It also pursues a selection process with a view to reinforcing global skills diversity.

### Meetings in 2012

The Appointments and Governance Committee met 13 times in 2012, with an attendance rate of 99%.

During the meeting held on 9 February, the Committee issued recommendations on the draft resolutions to be submitted to the Annual Shareholders' Meeting on the appointment of two new members, the statutory changes to the composition of the Board, and members' term of office. The Committee also examined the independence of each Board member during this meeting, according to the independence criteria applied by the Group. It initiated the preliminary preparations in view of the expiry of the Managing Board's term of office in June 2013, and examined the process for assessing the Board's performance.

Having analysed the Group's strategic and operating challenges, on 8 March the Committee proposed nominating Jean-Baptiste Chasseloup de Chatillon and Jean-Christophe Quemard for appointment to the Managing Board. It issued a recommendation in favour of the new version of the Board's internal regulations.

The meeting of 19 April was dedicated to the findings of the assessment of the Board's performance and to the follow-up required. During this meeting, the Committee recommended appointing Dominique Reiniche and Thierry Pilenko to the Board's Committees, subject to appointment by the Annual Shareholders' Meeting. It also reviewed the organisation of the Managing Board and the target management in the context of the alliance with GM.

During its meetings of 18 June, 19 July, 17 September and 4 October, the Committee examined the methods for circulating information between the Group's operating teams and the Supervisory Board, organisational management in the Group, succession planning for senior managers and the guidelines for a survey on the labour relations climate in the Company.

The meetings of 18 and 22 October were dedicated to reviewing the governance undertakings that could be made to the French Government, in return for its guarantee, and an assessment of the operation of the Board.

During its meetings of 7, 15 and 26 November, the Committee considered the impacts of the appointment of a lead independent director to the Board.

On 13 December, the Committee reviewed the report comparing the general employment conditions and training of men and women in the Company, the process of co-opting Louis Gallois to the Board, and the method for the appointment of an employee representative to the Board by the Annual Shareholders' Meeting.



## The Compensation Committee

### Membership

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.

### Roles and Responsibilities

The Compensation Committee prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the:

- ▶ members of the Supervisory Board (Board and Committees);
- ▶ Chairman and Vice-Chairmen of the Supervisory Board;
- ▶ 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.

### Meetings in 2012

The Compensation Committee met five times in 2012, with an attendance rate of 97%.

In its meetings of 31 January and 9 February, the Committee discussed the bonus for the members of the Managing Board for the 2011 financial year and the extent to which objectives were achieved. It officially recorded that the members of the Managing Board waived their bonus payments for the 2011 financial year, and that the Chairman of the Board waived the salary increase granted in February 2011. The Committee formulated proposals for the Board on 2012 targets, as well as the amount and structure of bonuses for the members of the Managing Board.

The meeting of 8 March discussed the introduction of a long-term incentive plan and the amendments to the Board's internal regulations. The Committee declared itself in favour of the draft resolution to be submitted to the Annual Shareholders' Meeting on the allocation of bonus shares, tied to performance conditions, and not in favour of the draft resolution on the allocation of stock options.

During the meeting of 19 April, the Committee examined the compensation packages for Jean-Baptiste Chasseloup de Chatillon and Jean-Christophe Quemard, as well as their individual objectives.

The meeting on 13 December discussed the allocation of attendance fees among the members of the Board.

## 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 companies;
- ▶ reliable financial reporting.

More generally, these procedures and processes also contribute to the proficient management of the Group's businesses, the effectiveness of its operations and the efficient use of its resources.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK USED BY PSA PEUGEOT CITROËN

The risk management and internal control framework is compliant with and operates according to the rules of the eight EU Directive on legal oversight of financial statements, the reference framework

issued by the AMF in January 2007, and the Report of the Working Group on Audit Committees published by the AMF on 22 July 2010. Banque PSA Finance has a specific system that complies with CRBF regulation 97-02 concerning the internal control systems of credit institutions.

### INTERNAL CONTROL PRINCIPLES

PSA Peugeot Citroën's internal control system was designed with four key goals in mind:

- ▶ to reflect the Group's strategic objectives, which are to be a global, profitable, independent company that ranks among the world's leading broadline automobile manufacturers:
  - ▶ the entire process is designed to proactively identify the risks capable of affecting the Group over the medium to long term,
  - ▶ all of the Group's companies are involved in the process, managing risks and ensuring internal control compliance in all of their operations,
  - ▶ the process focuses on Action Plans and outcomes, with a constant view to supporting operating efficiency,
  - ▶ the process is underpinned by compliance with applicable laws and regulations, exemplary behaviour and ethical practices, which the Group believes to be essential to responsible growth;



- ▶ managing all the risks inherent to their business in each department, through appropriate internal control procedures;
- ▶ specifically identifying the major risks (“Top Risks”) to which the Group is exposed in order to implement relevant risk management Action Plans, with reporting to the highest Executive Committee level;
- ▶ making 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 Organisation Handbook and the Operating Procedures Handbook, which are expanded and updated regularly. These handbooks describe the procedures to follow, the division of responsibilities and 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 available 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.

- ▶ **The risk-management system is deployed across all Group departments.**

Each department oversees management and control of the risks to which it is exposed, in accordance with the relevant Operating Rule, embedding risk management in its day-to-day operating procedures. Risk is identified and measured by the departments, taking into account existing management systems and introducing Action Plans to address weaknesses where necessary.

- ▶ **The Audit and Risk Management Department steers the risk management process and oversees efficient application of risk control systems.**

The main risks for each department, with the highest impact and criticality (impact x probability) and which are considered to be insufficiently controlled by the systems in place are covered by half-yearly reporting on specific “Top Department Risks” to the Corporate Secretary, *via* the Audit and Risk Management Department.

In addition to this departmental view, the Audit and Risk Management Department identifies the Group’s chief cross-sector risks (top cross-sector risks) on an annual basis, during interviews with a representative sample of the Group’s senior executives and managers. Action Plans to address relevant risks are then decided on and applied.

The “Top Group Risks” (top department risks and top cross-sector risks) are reviewed twice a year by the Executive Committee.

- ▶ **Specific risk management and control procedures cover specific risks.**

The Group’s Code of Ethics was updated and expanded in 2010. It 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 costings, selling price control, project profitability control, financial monitoring of industrial cooperation with other automakers, negotiations for mergers, acquisitions and disposals, and drawing up formal management rules and standards.

- ▶ **The Audit and Risk Management Department’s control over the proper application of these general and specific risk management procedures.**

The Audit and Risk Management Department conducts audits to ensure that operating procedures are observed and that all general and specific risk management procedures are applied Group-wide. The annual audit plan is drawn up independently, based on the “Top Group Risks”. It is submitted to the Executive Committee for approval and presented to the Supervisory Board’s Finance and Audit Committee. The Audit and Risk Management Department is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. 107 audits were conducted in 2012 across the entire Group.

- ▶ **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. As mentioned in section 1.2.3.1 above, a Finance and Audit Committee meeting dedicated to the efficacy of the internal control and risk management system was held in March 2012 to pursue this objective.

The Finance and Audit Committee may also be asked by the Managing Board, the head of Audit and Risk Management, or the Statutory Auditors to review any event exposing the Group to significant risk.

## BANQUE PSA FINANCE

In line with CRBF regulation 97-02, dealing with internal control systems of credit institutions, the bank's internal control system is organised around two lines of responsibility for recurring controls and periodic controls and the first-tier controls performed by the operating units.

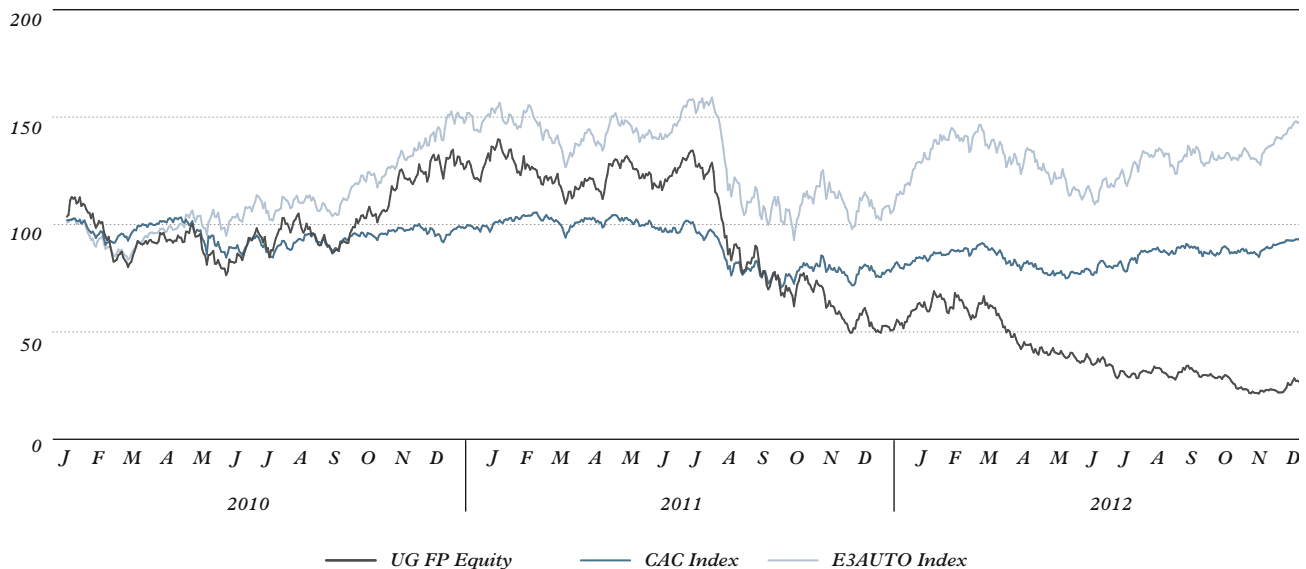
The fundamental principles underpinning the organisation and implementation of internal control are set out in the bank's internal control charter that describes the system's organisation, resources, scope, missions and processes, as well as the operation of the bank's controls.

## 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

Base 100





## CORPORATE GOVERNANCE AND ETHICAL PRACTICES

### 6.2. Direct economic value distributed Y

The Peugeot S.A. share declined by 48.2% in 2012, ending the year at €5.47. (This compared with decreases of +15.2% in the CAC 40 index and of +39.1% in the FTSEurofirst 300 Autos & Parts index over the year).

Track the Peugeot S.A. share price in real time at [www.psa-peugeot-citroen.com](http://www.psa-peugeot-citroen.com).

## DIVIDEND HISTORY

	2010	2011	2012
<b>Net dividend per share (in euros)</b>	<b>1.10</b>	<b>0</b>	<b>0*</b>

\* Subject to shareholder approval at the 24 April 2013 Annual Shareholders' Meeting.

In the light of the 2012 results, at the Annual Shareholders' Meeting on 24 April 2013 the Managing Board will recommend that no dividend be paid in respect of 2011.

## TOTAL SHAREHOLDER RETURN (TSR)

(Consolidated Group, including Faurecia)

	TSR compared with 31 December of the previous year	TSR compared with 31 December 1999
<b>31 December 2012</b>	<b>-54.82%</b>	<b>-48.09%</b>
<b>31 December 2011</b>	<b>-57.37%</b>	<b>-30.42%</b>
<b>31 December 2010</b>	<b>+24.67%</b>	<b>+12.96%</b>

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

(Consolidated Group, including Faurecia)

(in million euros)	2010	2011	2012
<b>Interest on borrowings*</b>	<b>(395)</b>	<b>(245)</b>	<b>(374)</b>
<b>Interest on bank overdrafts</b>	<b>(25)</b>	<b>(32)</b>	<b>(30)</b>
<b>Interest on finance lease liabilities</b>	<b>(20)</b>	<b>(20)</b>	<b>(30)</b>
<b>Foreign exchange gain/(loss) on financial transactions</b>	<b>(8)</b>	<b>(25)</b>	<b>(15)</b>
<b>Other</b>	<b>(7)</b>	<b>(9)</b>	<b>(7)</b>
<b>TOTAL</b>	<b>(455)</b>	<b>(331)</b>	<b>(442)</b>

## 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 2012

*N.B.: the scope of value distributed no longer includes GEFCO, which was sold in 2012. Faurecia was also excluded from the scope to concentrate reporting on economic value distributed in the Automobile and Banking Divisions.*

	2011		2012	
<b>Revenue (in million euros)</b>		<b>44,369</b>		<b>39,986</b>
<b>Distributions</b>	<i>(in million euros)</i>	<i>(as a % of revenue)</i>	<i>(in million euros)</i>	<i>(as a % of revenue)</i>
Capital expenditure + R&D <sup>(1)</sup>	<b>4,202</b>	<b>9.5%</b>	<b>3,843</b>	<b>9.6%</b>
Public sector <sup>(2)</sup>	<b>1,131</b>	<b>2.5%</b>	<b>1,063</b>	<b>2.7%</b>
Employees <sup>(3)</sup>	<b>440</b>	<b>1.0%</b>	<b>261</b>	<b>0.7%</b>
Shareholders <sup>(4)</sup>	<b>250</b>	<b>0.6%</b>	<b>0</b>	<b>0.0%</b>

(1) Gross R&D, excluding research tax credit and subsidies.

(2) Corporate income tax, customs duties, etc. 2010 and 2011 updated on the basis of actuals.

(3) Discretionary and non-discretionary profit-sharing plans, variable bonuses and raises (3.1% on average in 2012).

(4) Dividends paid to the shareholders of Peugeot S.A. for the previous year.

Moreover, the value distributed for community investment amounted to nearly €5.25 million in 2012 (see section 4.2). It includes the corporate projects supported by the Group, the initiatives led by the Peugeot and Citroën brands, the Local Social Responsibility Plans deployed by the sites, and the budget allocated by the PSA Peugeot Citroën Foundation to qualified projects.

## FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENTS

*(Automobile Division)*

A total of €101 million in financial assistance received from governments in Europe was recognized in income for 2012, versus €104 million for 2011, the impact of which is distributed against profit/(loss) and investments.

## 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.

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.

#### 2012 COMPENSATION

For 2012, annual base salaries remained unchanged at €1,300,000 for the Chairman of the Managing Board, and at €618,000 for the other members of the Managing Board. 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 for the Managing Board for 2012 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, 20% 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 130% 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 are quantitative objectives and concern:

- consolidated recurring operating income (representing 20% for the Chairman of the Managing Board and 15% for the other members),

- ▶ Automobile Division recurring operating income (representing 20% for the Chairman of the Managing Board and 15% for the other members),
- ▶ free cash flow\* of the Group's manufacturing and sales companies (representing 20% for the Chairman of the Managing Board and 15% for the other members),
- ▶ the Automobile Division Performance Plan (representing 15% for the Chairman of the Managing Board and the other members),
- ▶ occupational safety (representing 5% for the Chairman of the Managing Board and the other members),
- ▶ vehicle quality and customer service (representing 10% for the Chairman of the Managing Board and the other members).

The achievement level for each of the objectives is calculated based on accounting data or information provided by external organisations. The required achievement levels were determined precisely, in relation to the corresponding budget items.

- ▶ The portion of the incentive bonus corresponding to personal objectives represents a maximum of 40% of base salary for the Chairman of the Managing Board and 25% for the other members. These individual objectives – which relate to each member's individual executive responsibilities – include for 2012 criteria such as implementing the 2012 cost-cutting plan, improved profitability of operations, the performance of vehicle projects and inventory control. Detailed objectives (relating to current operating income, market share, volumes etc.) are associated with most of these criteria.
- ▶ No bonus was paid to the Managing Board for 2012.

## 2013 COMPENSATION

For 2013, the base salaries of the Chairman and members of the Managing Board will remain unchanged and no bonus will be paid.

## 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 Members of the Managing Board at 1 January 2010

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 the Members of the Managing Board Appointed from 1 January 2010

A new system was introduced for new members of governing bodies on 1 January 2010.

The following terms and conditions 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 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 a beneficiary of the plan, 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 to be entitled to this pension benefit.

This plan complies with the recommendations of the applicable AFEP-MEDEF Code. Table 10 of section 15.3 of the Registration Document presents the Group's pension obligations under this supplementary pension plan for each member of the Managing Board. Total compensation for the members of the Managing Board for 2012 was determined taking the benefits of this supplementary pension plan into account.

## EMPLOYMENT CONTRACTS

No member of the Managing Board is a salaried employee of the Group. The employment contracts of Jean-Baptiste Chasseloup de Chatillon and Jean-Christophe Quemard were suspended on their appointment.

\* Net cash generated by the operating activities of manufacturing and sales companies – excluding Banque PSA Finance – in 2012, less net cash used in investing activities.



## STOCK OPTIONS/PERFORMANCE SHARE GRANTS

None of the members of the Managing Board was granted any stock options or performance shares in 2012. In accordance with the undertakings made by the Group in the framework of the financial guarantee granted by the French government backing issues by Banque PSA Finance, the Board decided not to grant stock options or bonus shares to the members of the Managing Board for the duration of the State guarantee.

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 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 2012 are presented in note 26.3 to the consolidated financial statements in section 20 of the Registration Document. Table 5 in section 15 of the Registration Document shows that none of these options were exercised by corporate officers during the 2012 financial 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 2012 are presented in section 15 of the 2012 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 Peugeot S.A. Annual Shareholders' Meeting of 31 May 2011, this amount has been set at €1,000,000 until further notice.

In 2012, €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 2012, 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. The Company reimburses the expenses incurred by the Supervisory Board members living abroad. Details on the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2012 are presented in section 15 of the 2012 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 is formalised by policies, international agreements (Global Framework Agreement) or by adhering to international guidelines. It is 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.

The Group's ethical practices are founded on three core factors: a revised and supplemented Code of Ethics, ethical governance and a structured system of escalating information, warnings and monitoring, and a rigorous deployment process.



### 6.3.1. THE CODE OF ETHICS **G.40**

#### A NEW CODE OF ETHICS

In 2010, PSA Peugeot Citroën emphasised the importance of ethical practices by deploying a new, expanded Code of Ethics. This is a part of the six key areas of the Group's policy.

- Comprising 16 rules of ethical conduct, the Code is designed to provide employees with updated guidelines that reflect the Company's business, social and environmental responsibilities. Its summarised form means it is easy to read and understand quickly. Translated into 17 languages, the Code applies to all the Group's subsidiaries, including BPF, with the exception of Faurecia, which has its own Code of Ethics.

The Code of Ethics and its explanatory handbook, "Applying the Code of Ethics on a Daily Basis", is available for download by employees from the corporate Intranet. It is part of the onboarding package given to all new hires.

- "Compliance with the Code of Ethics" operating procedure in the Group's procedure manual governs the running of the Group and applies to all employees. Available on the corporate Intranet, it sets out employees' and managers' practical ethical obligations, the actions to take and the channels to follow if they have a question or if they observe any breach of the Group's ethical principles, as well as the roles of the various bodies. 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.

This rule includes detailed guidelines concerning fraud, anti-competitive behaviour and corruption, which comply in particular with the United Kingdom's Bribery Act, which came into effect in 2011, as well as the Company's commitments to combating corruption (the Global Framework Agreement on social responsibility). It is based on the "operation of the fraud prevention mechanism" introduced in 2012 in the Group.

#### STRUCTURED MANAGEMENT LEADERSHIP

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.

This buy-in process, based on the electronic questionnaire and personal sign-off, was deployed among managers, from 2011, and continued in 2012. Cascaded deployment in France took place to April 2012, with each new wave targeting the next reporting level down within the Group, in a process intended to ensure that all employees are included and embrace the Code, and that supervisory and management personnel are motivated up to the highest level of Top Management.

At year-end 2012, 20,420 employees in 22 countries had been trained in the Code *via* the questionnaire, which has now been translated into 17 languages, and had formally embraced it with their personal sign-off. Close monitoring of the process took place in departments and businesses considered to be more at risk of fraud or corruption: Purchasing (684 signatories), brands (6,276 signatories), Finance (432 signatories), BPF (970 signatories).

In addition, an Ethics Committee was created in 2010, which reports directly to the Executive Committee. It is chaired by the Corporate Secretary, and also includes the Executive Vice-President of Human Resources and Quality and the head of Audit and Risk Management. It held six meetings in 2011, its first year, and met quarterly in 2012.

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.

Roll-out of the Code of Ethics will continue in the Asia and the recently created Russia-Ukraine Divisions in 2013. Coordination in the Asia and Russia Divisions is already led by a Chief Ethics Officer, a Fraud Detection Manager and Local Security Managers.

### 6.3.2. PREVENTING FRAUD, CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR **G.40**

The system to guarantee fair practices and prevent fraud and corruption is based on a set of shared Group principles:

- 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 Risk Management and 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 legislation,
- ▶ 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 **global network of 12 Chief Ethics Officers** covering the regions in which the Group operates and tasked with ensuring local compliance with ethical principles. They systematically report to the Ethics Committee any local issues or breaches of compliance and assess the need to directly alert the Committee on a case-by-case basis.

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;

- ▶ the **Departments** and their managers in particular are responsible for assessing fraud risks and their departmental corporate ethical practices. They are accountable for the application of the Code of Ethics within their sphere and for implementing the appropriate systems to address the levels of risk identified. 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 Audit and Risk Management 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;
- ▶ the Audit and Risk Management Department has responsibility for the practical roll-out of procedures, confirming and analysing any occurrences of fraud or corruption that may arise. Each audit of a site or a subsidiary includes a section analysing this risk;
- ▶ 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.

## METHODS FOR HANDLING ETHICAL ISSUES

- ▶ 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 have several options available to them. They can 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 has been introduced in Latin America. In this region, 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.

A strengthened fraud prevention system was established in 2012 in the Group’s Automobile Division (BPF has its own system), with responsibility assigned to the Ethics Committee, which has tasked the Group’s Security Department (one of the entities reporting to the Group’s Corporate Secretary) with managing it, carrying out investigations, monitoring and reporting incidents. The system is built around prevention, detection, investigation, treatment and continuous improvement processes:

- ▶ prevention and dissuasion are ensured at departmental level, in compliance with at least the Group’s internal control systems: valid authorisations and powers of attorney, principles of separation of tasks, two signatures, best practices for controlling access to information systems, etc.;
- ▶ the Group Security Department relies on a network of 12 Fraud Detection Managers, one in each department, and 50 local Security Managers in the Group’s entities to oversee fraud detection;
- ▶ investigations are overseen by the Security Department, while decisions and/or sanctions are implemented by the department’s operating manager;
- ▶ in terms of remedial measures and the continuous improvement process, cases of fraud are analysed by the Security Department and the Audit and Risk Management Department focusing on preventing recurrence, enhancing swift detection of impacts and remedying weaknesses in the system.

## RESOURCES

In 2012, no less than 74 managers (excluding auditors) across the Group’s activities, entities and regions provided optimum cover of the Group; they are specifically tasked with alerting and informing the Ethics Committee about instances of fraud and ensuring monitoring of actions plans.

The warning system is reinforced in the Group’s UK subsidiaries by whistleblowing arrangements using email.

Moreover, CSR audits are conducted at suppliers by the Purchasing Departments (some 50 audits completed since 2010), systematically including an audit of anti-corruption policy and practices;



## LATIN AMERICA

In this region, an existing local Ethics Committee handles cases of non-compliance related to the activities of PSA Peugeot Citroën in Argentina, Brazil, Chile and Mexico, in close liaison with the Group Ethics Committee. The Chief Ethics Officer for the region reports to the Group's Corporate Secretary and participates in the work of the Latin American Ethics Committee, with a member seconded by the Audit and Risk Management Department.

A whistleblowing system using a dedicated Intranet site was also introduced in the region, providing inputs to the local Ethics Committee and the Group Ethics Committee.

## 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 was renewed in May 2010. Anti-corruption is one of the 15 commitments of this agreement. 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 hire,
  - ▶ 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 UK Bribery Act;
- ▶ 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,
  - ▶ a second Stock Market Code of Ethics was introduced in April 2012 applicable to the members of the Executive Committee,
  - ▶ 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 UK Bribery Act,

- ▶ Banque PSA Finance: the Internal Control Charter and Anti-Money Laundering Procedure,
- ▶ Purchasing Department:
  - preliminary reviews of suppliers in countries deemed at risk,
  - CSR audits of suppliers (around 50 conducted since 2010); audits of anti-corruption practices and policies,
- ▶ Latin American Division: a local Ethics Committee and web-based whistleblowing process.

## DEPLOYMENT PROCESS

- ▶ To employees:
  - ▶ in 2012, 5,281 hours of training in ethical practices and in preventing corruption and conflicts of interest were attended by 9,128 or more employees; among these employees, 397 were identified as being particularly concerned by these issues and were offered an additional 916 hours of more in-depth training;
  - ▶ 1,817 employees attended training on equal opportunities, diversity and anti-discrimination (11,196 training hours). 11,423 hours of training, dispensed to 9,050 employees, addressed compliance with internal rules, the global framework agreement and IT regulations;
  - ▶ the e-questionnaire used in the Code of Ethics buy-in process from July 2011 to end-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 2012, 20,420 employees had used the questionnaire to formally embrace the Code of Ethics and 22 countries had participated in the process;
  - ▶ all PSA Peugeot Citroën employees are required to be familiar and comply with applicable national or European laws and regulations in the performance of their duties. Targeted training in preventing anti-competitive behaviour and corruption will be rolled out in 2013 by the Group's Legal Affairs Department in the departments most particularly concerned by these issues;
  - ▶ 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. These same issues are covered 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 Audit and Risk Management 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.

## IN 2012

The Ethics Committee met six times in 2011, the first year of operation, and four times in 2012, according to a quarterly schedule.

## CASES OF CONFLICT OF INTEREST

There were no major cases of conflict of interest reported in 2012.

## CASES OF CORRUPTION

There were no convictions for corruption in 2012.

## CASES OF ANTI-COMPETITIVE BEHAVIOUR

There were no major convictions for breaches of competition rules in 2012. Peugeot Turkey Popas was fined €6,098,648 in 2011 and has appealed the ruling. The appeal is ongoing.

## BANQUE PSA FINANCE

Banque PSA Finance is subject to banking regulations governing the resources and actions of its Internal Control Department.

Pursuant to standard regulation CRBF 97-02 of 21 February 1997, BPF established an internal control system addressing the main risks to which all credit institutions are exposed, and introducing the following procedures in particular as part of its internal control and ethics policies:

- an Internal Control Charter, setting out the basic organisational and operating principles of its internal control system, with the widest possible dissemination, which is available for consultation on the Bank's Intranet site. The Charter specifies and explains the principles of the separation of tasks and prevention of conflicts of interest.

For example, the process of allocating access rights to the information system for employees or service providers incorporates a system to verify that there are no conflicts between the various permissions granted. Each entity in the BPF Group must ensure compliance with the principles of the separation of tasks and prevention of conflicts of interest when preparing and revising its instructions, procedures and authorisations and as part of all reviews of its organisation. The Operating Risk Control entities are tasked with ensuring the prevention and early treatment of risk through a process of identification, assessment, monitoring and control;

- a system to prevent money laundering and terrorist financing is in place in BPF. It is based on a framework procedure rolled out locally, controls targeting the risks identified for each operating procedure, and reporting tools enabling the Central Compliance Department to oversee application of the Group's policy and to monitor Action Plans as required.

The system can focus on tools to detect people who are exposed politically, in accordance with regulatory provisions, and, where necessary, tools to improve aspects of customer relations, especially with regard to identifying the provenance of funds. Banque PSA Finance also introduced an automated system to detect people whose assets have been frozen and ensure no business is conducted with such customers.

Internal training in measures to counter money-laundering and the financing of terrorism is targeted at employees according to their level of risk exposure;

- in addition to the systems and procedures described above, BPF operates a professional alert system whereby any employee can report occurrences of non-compliance to the Central Compliance Manager. In the framework of strict adherence to the rules set by an ad hoc internal procedure and the imperatives of confidentiality, this alert system is part of the Bank's general drive to prevent internal fraud and conflicts of interest.



### 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 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 Public Affairs Department manages relations with governments, ministries, parliaments, public agencies and enterprises, local authorities, European Union institutions, foreign governments 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.

The managers in the Public Affairs 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 Public Affairs Department may be audited by the Group Audit and Risk Management Department, which acts completely independently. More particularly, the audit may be performed as part of a wider assessment of the Public Affairs Department's compliance with the Code of Ethics.

PSA Peugeot Citroën has signed the European Commission's Code of Conduct for Interest Representatives.

The Public Affairs Department is tasked with the following missions:

- ▶ 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, PFA, SMMT, VDIK), as well as research associations, foundations and structures in which the Group participates (road-safety foundation, Avere and Movéo, amongst others);
- ▶ providing corporate public affairs support and expertise in operating regions outside Europe;
- ▶ staying current with emerging legislation, issues and trends, and keeping the entire Group informed as needed.

The resources dedicated to the Group's lobbying activities in Europe are published in the EU Transparency Register, under reference 399 008 07 417-87.

#### PUBLIC POLICIES AND LOBBYING POSITIONS

##### VEHICLE CO<sub>2</sub> 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 Peugeot Citroën feels that there is not a "one-size-fits-all" technology that will produce a carbon-free automobile. Instead, reducing overall carbon emissions will require the commercial development of several closely related technologies to meet the differing usage patterns and price requirements of car buyers 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 (free parking) 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 **G.41**

Cars are increasingly connected to roadway infrastructure, other vehicles and to the outside world. These new information and communication technologies should not only improve road safety, driving pleasure and comfort, and mobility in general, but also reduce our carbon footprint.

The launch of a European eCall service in 2015 should not hinder the development of an emergency call system by PSA Peugeot Citroën, which is already in widespread use (1.3 million vehicles equipped with the feature in 13 countries).



It is part of a high performance PSA Peugeot Citroën telematics solution that can serve as a springboard for innovative telematics services, including emergency calls, assistance, fleet management support and electronic service records. The Group confirms its intention to develop post-accident (or tertiary) safety and connected mobility services.

At the same time, passive 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 active driver assistance systems.

Occupancy safety tests continued to converge around the world in 2012, with the gradual expansion of standards for the China and Latin NCAPs. In addition, the importance of active safety in EuroNCAP tests continues to increase.

## THE ENVIRONMENTAL IMPACT OF MANUFACTURING OPERATIONS **G.20**

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 may also entail significant investment impacts. In view of the specific characteristics of the industry, lobbying is engaged in by an entity in the Industrial Division, which reports to the Public Affairs Department on its activities.

## 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 MOV&O), in the IEED Vedecom (French Institute for Carbon-free Energy, in the Carbon-free and Communicating Vehicle project), 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

(response to the AMI Investment for the Future programme for the car of the future) 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.

The Group has taken a front-line stand in supporting the French automobile industry, notably by participating in the newest PFA auto industry platform nationally, and in the regional ARIAs (regional automotive industry associations). Both these platforms work to strengthen ties within the industry, especially between manufacturers and equipment manufacturers, and between equipment manufacturers and suppliers.

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. It has strengthened relations with strategic suppliers, which are global companies for the most part, with major suppliers, benchmark companies in their areas, and has initiated a structured supplier development process.

The Group also pays very close attention to the rapid developments in the conditions of international trade, especially as the free trade agreements between the EU and other countries come into effect. Following the principles of the European Commission (in the EU 2020 Strategy, CARS21 High Level Group Report, and “A Stronger European Industry for Growth and Economic Recovery” industrial policy communication), PSA Peugeot Citroën aims to promote a trade policy that hinges on reciprocity and mutual benefits, reducing non-tariff barriers and UN-ECE regulatory convergence.

These principles were promoted by the Group following the entry of the EU-South Korea FTA, and more recently, during negotiations with Canada and preliminary negotiations between the EU and Japan.

## 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.

The increasing trend towards taxing cars based on CO<sub>2</sub> emissions accelerated in 2004 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 deploying the diesel particulate filter, the Group does not support any move to destabilise diesel sales, which would suddenly disrupt European car markets and hamper efforts to reduce vehicle carbon emissions.

The proposal to overhaul Directive 2003/96/EC on the taxation of energy products and electricity includes increasing excise duty on diesel, with a minimum tax equal to the tax on petrol from 2015, rising to a higher excise tax on diesel from 2018.

- ▶ This revision of the Directive would have a significant negative impact in the short term on the competitiveness of diesel compared with petrol vehicles and would threaten automakers' ability to achieve CO<sub>2</sub> reduction targets in Europe, since this effort is highly dependent on the excellent carbon performance of diesel vehicles.
- ▶ PSA Peugeot Citroën strongly recommends not sending a signal which contradicts EU policy on reducing CO<sub>2</sub> emissions, and

which furthermore would significantly hamper the competitive position of the French auto industry.

- ▶ It is the Group's opinion that increasing taxes on diesel would run counter to efforts to mitigate climate change and would damage the competitiveness of the French automakers. To avoid these impacts, we recommend retaining lower tax rates on diesel, or at least not raising them above the rates applicable to petrol.
- ▶ Urban pollution problems stem from the older vehicle population; therefore the way forward to reduce pollution in cities is to remove these vehicles from our roads. Compliant with EURO 5 regulations (since 2011) and with EURO 6 (from 2014), new diesel vehicles feature clean engine technology and their emissions are similar to those of petrol engines. There are no grounds therefore for penalising diesel technology, especially as such a measure would run counter to the drive by the auto industry to continually reduce its impact on the environment.



# EXTERNAL AUDITOR'S REPORT

CERTIFICATE OF PRESENCE  
AND MODERATE ASSURANCE  
REPORT OF THE INDEPENDENT  
AUDITOR ON SOCIAL,  
ENVIRONMENTAL AND SOCIETAL  
INDICATORS INCLUDED IN  
THE MANAGEMENT REPORT

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# CERTIFICATE OF PRESENCE AND MODERATE ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INDICATORS INCLUDED IN THE MANAGEMENT REPORT

Year ending 31 December 2012

To the attention of the General Management,

At the request of Peugeot S.A. and in our role of independent auditor, we hereby present you with our report of the consolidated social, environmental and societal indicators for the year ending 31 December 2012 pursuant to the provisions of Article L.225-102-1 of the Commercial Code.

## COMPANY'S RESPONSIBILITY

The Board is responsible to prepare a management report including consolidated information on social, environmental and societal indicators pursuant to the provisions of Article R. 225-105-1 of the Commercial Code (hereinafter «Information»), established according to the referential used (the «Referential») by the Company and available at the Company's headquarters.

## INDEPENDENCE AND QUALITY CONTROL

We adhere to independence rules defined by the regulations, the code of ethics of the profession as well as the provisions of Article L. 822-11 of the Commercial Code. In addition, we have implemented a quality control system that includes policies and documented procedures to ensure compliance with the code of ethics, professional standards and applicable laws and regulations.

## RESPONSIBILITY OF THE INDEPENDENT AUDITOR

Based on our work it is our responsibility:

- ▶ to certify that the Information required has been included in the management report or is subject to an explanation if not included in the report pursuant to the third paragraph of Article R. 225-105 of the Commercial Code and Decree No. 2012-557 of 24 April 2012 (Certificate of Presence);
- ▶ to express a conclusion of moderate assurance on the fact that the Information, presented in all material respects, is fairly stated in accordance with the Referential (Moderate assurance report).

We have called upon the help of our Corporate Social Responsibility experts in order to complete this assignment.

## 1. CERTIFICATE OF PRESENCE

We performed our work in accordance with professional standards applicable in France:

- ▶ We compared the Information contained in the management report with the list provided in Article R. 225-105-1 of the Commercial Code;
- ▶ We verified that the Information covered the consolidated scope, namely the Company and its subsidiaries pursuant to Article L. 233-1 and the companies under its control according to Article L. 233-3 of the Commercial Code;
- ▶ We verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 of 24 April 2012 in case of omission of certain information.

Based on these procedures performed, we confirm that the information is available in the management report as required.



## 2. MODERATE ASSURANCE REPORT

### NATURE AND SCOPE OF WORK

We conducted our work in accordance with International Standard on Assurance Engagements 3000 ("ISAE") and the professional standards applicable in France. We implemented the procedures described below to obtain moderate assurance that the Information does not contain any anomalies likely to call into question their appropriateness, in all their significant aspects, in accordance with the Referential. Providing assurance at a greater level would have required additional procedures.

We performed the following tasks:

- ▶ We assessed the appropriateness of the Referential in terms of its relevance, completeness, neutrality, clarity and reliability, taking into account, where appropriate, industry best practices;
- ▶ We verified the implementation within the group of a collecting, compiling, processing and controlling process in order to achieve completeness and consistency of the Information. We have taken note of the internal control procedures and risk management procedures relating to the preparation of the Information. We conducted interviews with the personnel responsible for the social and environmental reporting;
- ▶ We selected consolidated information to control<sup>(1)</sup> and determined the nature and the extent of the controls taking into account their importance in terms of environmental and social impacts associated with the activity and characteristics of the group as well as its societal commitments.
  - ▶ Concerning the quantitative consolidated information that we considered the most important:
    - at the level of the consolidating entity and the other controlled entities, we selected samples, implemented analytical procedures and verified the calculations and the consolidation of such information;
    - for the sites selected<sup>(2)</sup> based on their activity, their contribution to the consolidated indicators, their locations and on a risk analysis, we:
      - conducted interviews to verify the correct application of the procedures,
      - implemented detailed testing on a selected sample in order to verify the calculations and reconcile the data to the supporting documentation.

The sample selected represents an average 20.3% of the workforce and between 20% and 33% of the tested environmental quantitative information.
  - ▶ Concerning the consolidated qualitative information that we have considered most important, we conducted interviews and reviewed the documentary sources in order to corroborate this information and review their sincerity.
- ▶ Concerning the other consolidated information published, we assessed the appropriateness and consistency against our knowledge of the company and, where appropriate, corroborated information through interviews and consultation of documentary sources.
- ▶ Finally, we assessed the relevance of the explanations to the absence of information when appropriate.

### CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information, presented in all material respects, is not fairly stated in accordance with the Referential.

Paris, 14 March 2013

Grant Thornton  
French Member Firm of Grant Thornton International

Gilles Hengoat  
Partner  
National Audit Director

Alban Audrain  
Partner  
Head of Corporate Social Responsibility

(1) Employees (number and breakdown), recruitments and separations, employees' benefits, frequency and fatality rates of work accidents, hours of training, water withdrawals, energy consumption, GHG direct and indirect emissions, emissions of VOC and NO<sub>x</sub>, gross effluent discharge of COD and SM, weight of NHPW and HPW excluding metal waste.

(2) Sites of Mulhouse, Poissy, Sept-Fons, Sochaux, Trémery, Vigo (Spain), Madrid (Spain).



## EXTERNAL AUDITOR'S REPORT



## GRI STATEMENT AND CROSS REFERENCE TABLES

## GLOBAL REPORTING INITIATIVE (GRI) STATEMENT



## Statement GRI Application Level Check

GRI hereby states that **PSA Peugeot Citroën** has presented its report "CORPORATE SOCIAL RESPONSIBILITY- Strategic Guidelines, Commitments and 2012 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. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 April 2013

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

*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](http://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 26 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



## GRI INDEX
































Indicator	2012 CSR Report (relevant sections)	Reporting status
<b>1. STRATEGY AND ANALYSIS</b>		
1.1 Executive management statement	1.1.	<input type="checkbox"/>
1.2 Description of key impacts, risks, and opportunities	11.2.1./1.2.2./1.2.3.	<input type="checkbox"/>
<b>2. ORGANISATION PROFILE</b>		
2.1 Name of the organisation	Cover	<input type="checkbox"/>
2.2 Primary brands, products, services	2.4.1.2./2.3.1.1./2.3.1.2.	<input type="checkbox"/>
2.3 Operational structure	1.3.3.1./2.4.1.1.	<input type="checkbox"/>
2.4 Location of headquarters	First page	<input type="checkbox"/>
2.5 Country operations	1.3.3.1./introduction chap. 3, introduction chap. 5/2.4.1./5.1.1.	<input type="checkbox"/>
2.6 Nature of ownership and legal form	6.1.1.	<input type="checkbox"/>
2.7 Markets served	2.4.1.	<input type="checkbox"/>
2.8 Scale of the reporting organisation	1.3.3.1./introduction chap. 3, introduction chap. 5	<input type="checkbox"/>
2.9 Significant changes during the reporting period	1.3.3.1.	<input type="checkbox"/>
2.10 Awards received	1.5.	<input type="checkbox"/>
<b>3. REPORT PARAMETERS</b>		
3.1 Reporting period	1.3.3.1.	<input type="checkbox"/>
3.2 Date of most recent report	1.3.3.1.	<input type="checkbox"/>
3.3 Reporting cycle	1.3.3.1.	<input type="checkbox"/>
3.4 Contact point for questions about the report or its contents	First page	<input type="checkbox"/>
3.5 Process for defining report content	1.4.3./1.2.1./1.3.3.1.	<input type="checkbox"/> <sup>(1)</sup>
3.6 Boundary of the report	1.3.3.1./introduction chap. 3, introduction chap. 5	<input type="checkbox"/>
3.7 Limitations on report scope	1.3.3.1./introduction chap. 3, introduction chap. 5	<input type="checkbox"/>
3.8 Basis for reporting on subsidiaries and partially/non-owned entities	1.3.3.1.	<input type="checkbox"/>
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	<input type="checkbox"/>
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	<input type="checkbox"/>
3.11 Significant changes from previous reporting periods	1.3.3.1.	<input type="checkbox"/>
3.12 GRI content index	8	<input type="checkbox"/>
3.13 External assurance for the report	First page/1.3.3.2.	<input type="checkbox"/>
<b>4. GOVERNANCE, COMMITMENTS &amp; ENGAGEMENT</b>		
4.1 Governance structure	6.1.3.	<input type="checkbox"/>
4.2 Executive officer and the Chair of the governance body	6.1./6.1.3.1/6.1.2.	<input type="checkbox"/>
4.3 Independent and/or non-executive Board members	6.1.3.	<input type="checkbox"/> <sup>(2)</sup>
4.4 Shareholders/Employee mechanisms for Board Direction	6.1.3.2.1.	<input type="checkbox"/>
4.5 Compensation and organisational performance	6.2.2. (6.2.2.1./6.2.2.2.)	<input type="checkbox"/>
4.6 Conflict of interest avoidance	6.1.2.1./6.3.2.	<input type="checkbox"/>
4.7 Qualifications/expertise of Board members	6.1.3.2.2.	<input type="checkbox"/>



Indicator	2012 CSR Report (relevant sections)	Reporting status
4.8 Mission and values statements	1.1./1.2.3./1.2.4./1.2.5./6.3.1.	
4.9 Board oversight of sustainability performance	1.2.3./1.2.4./1.3.1.	
4.10 Performance evaluation of Board of Directors	6.1.3.2.1.	
4.11 Precautionary approach/principle	6.1.4.	
4.12 Endorsement of external sustainability charters/initiatives	1.3.2.	
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.	
4.17 Key stakeholder issues and concerns	1.4.3./1.2.1.	

Indicator	2012 CSR Report (relevant sections)	Reporting status
<b>ECONOMY</b>		
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.	
EC4 Financial assistance received from government last point in	6.2.1.	
EC5 Wages comparison	5.5.1.	
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)

<b>ENVIRONMENT</b>		
EN1 Weight or volume of materials used	2.1.3./2.2.1.6./2.2.3.1./2.2.3.2./3.1.3.2.	
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.	

Indicator		2012 CSR Report (relevant sections)	Reporting status
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.	
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.	 <sup>(11)</sup>
EN20	NO <sub>x</sub> , SO <sub>x</sub> 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 life cycle	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.	 <sup>(12)</sup>
<b>LABOUR PRACTICES AND DECENT WORK</b>			
LA1	Workforce by employment type, employment contract, and region	5.1.1.	
LA2	Employee turnover by age/gender/region	5.1.2.	
LA3	Benefits provided to full-time employees	5.5.2.	
LA4	Employees covered by collective bargaining agreements	5.3.	
LA5	Notice period regarding operational changes	5.3.	
LA6	Management-worker Health and Safety Committees	5.4.5.	
LA7	Rates of injury, occupational diseases, lost days, absenteeism and fatalities, by region	5.4.2.	
LA8	Education for families affected by serious diseases	5.4.3.	
LA9	Health and safety topics covered in formal agreements	5.4.5.	
LA10	Average hours of training	5.2.3.	
LA11	Programmes for skills management and lifelong learning	5.1.2./5.2.3./5.6.1.	
LA12	Performance and career evaluations	5.2.2.	
LA13	Employee and governance body demographics	5.6.	
LA14	Ratio of basic salary of men to women by employee category	5.5.1.	
<b>HUMAN RIGHTS</b>			
HR1	Investment agreements with human rights clauses	4.1.3./4.1.5.	
HR2	Human rights screening of major suppliers/contractors	4.1.3./4.1.5.	



Indicator		2012 CSR Report (relevant sections)	Reporting status
HR3	Employee training on human rights policies and procedures	5.6.3.	<input checked="" type="checkbox"/>
HR4	<b>Total number of incidents of discrimination and actions taken</b>	<b>5.6.2.</b>	<input checked="" type="checkbox"/>
HR5	<b>Freedom of association</b>	<b>5.3.1./5.3.2./5.6.3.</b>	<input checked="" type="checkbox"/>
HR6	<b>Child labour risk and elimination</b>	<b>4.1.5./5.6.3.</b>	<input checked="" type="checkbox"/>
HR7	<b>Forced and compulsory labour risk and elimination</b>	<b>4.1.5./5.6.3.</b>	<input checked="" type="checkbox"/>
HR8	Security practices (security personnel training)	4.1.5./5.6.3.	<input checked="" type="checkbox"/>
HR9	Indigenous rights	4.1.5./5.6.3.	<input checked="" type="checkbox"/>
<b>PRODUCT RESPONSIBILITY</b>			
PR1	<b>Health and safety across the life cycle of products and services</b>	<b>2.1.3./2.2.2.1./2.2.3.1./2.3.2.</b>	<input checked="" type="checkbox"/>
PR2	Non-compliance with health and safety regulations	2.4.3.	<input checked="" type="checkbox"/>
PR3	<b>Product and service information and labelling</b>	<b>2.4.4.</b>	<input checked="" type="checkbox"/>
PR4	Non-compliance with product and service information and labelling regulation	2.4.4.	<input checked="" type="checkbox"/>
PR5	Procedures relating to customer satisfaction	1.2.1./2.4.2.	<input checked="" type="checkbox"/>
PR6	<b>Marketing communications' adherence to regulations</b>	<b>2.4.4.</b>	<input checked="" type="checkbox"/>
PR7	Non-compliance with marketing communications regulations	2.4.4.	<input checked="" type="checkbox"/>
PR8	Complaints regarding breaches of customer privacy	2.4.3.	<input checked="" type="checkbox"/>
PR9	<b>Monetary value of significant fines for non-compliance with laws and regulations regarding provision and use of products and services</b>	<b>2.4.3./2.4.4.</b>	<input checked="" type="checkbox"/>
<b>SOCIETY</b>			
SO1	<b>Impacts of operations on communities</b>	<b>2.1.1./4.2.</b>	<input checked="" type="checkbox"/>
SO2	<b>Business units analysed for risks related to corruption</b>	<b>4.1.5./6.1.4./6.3.1./6.3.2.</b>	<input checked="" type="checkbox"/>
SO3	<b>Extent of training and risk analysis to prevent corruption</b>	<b>6.3.1./6.3.2.</b>	<input checked="" type="checkbox"/>
SO4	<b>Actions taken in response to instances of corruption</b>	<b>6.3.2./4.1.5.</b>	<input checked="" type="checkbox"/>
SO5	<b>Participation in public policy development and lobbying</b>	<b>6.3.3.</b>	<input checked="" type="checkbox"/>
SO6	Financial and in-kind contributions to political parties	6.3.3.	<input checked="" type="checkbox"/>
SO7	Anti-competitive behaviour, anti-trust, and monopoly practices	6.3.2.	<input checked="" type="checkbox"/>
SO8	<b>Monetary value of significant fines/sanctions for non-compliance with laws/regulations</b>	<b>2.4.3./2.4.4./3.1.4.3./6.3.2.</b>	<input checked="" type="checkbox"/>

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.psa-peugeot-citroen.com](http://www.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 2012 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 (CDP) questionnaire. 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 the 2012 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. Environment	7 Businesses are asked to support a precautionary approach to environmental challenges.	2.1.
	8. Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN6, EN7, EN10, EN13, EN14, EN 18, EN21, EN22, EN26, EN27, EN30
	9. 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.	S02, S03, S04



## ISO 26000 GUIDANCE ON SOCIAL RESPONSIBILITY

Core subjects and issues of social responsibility		2012 CSR Report (relevant sections)
<b>Core subject</b>	<b>Organizational governance</b>	<b>6.1.</b>
<b>Core subject</b>	<b>Human rights</b>	
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.
<b>Core subject</b>	<b>Labour Practices</b>	
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.
<b>Core subject</b>	<b>The environment</b>	
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.
<b>Core subject</b>	<b>Fair operating practices</b>	
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	
<b>Core subject</b>	<b>Consumer issues</b>	
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.
<b>Core subject</b>	<b>Community involvement and development</b>	
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.



## CROSS REFERENCE TABLE FOR THE INFORMATION REQUIRED BY ARTICLE R. 225-105 OF THE FRENCH COMMERCIAL CODE

(Application of France's Grenelle 2 Law)

Required information	PSA icon number corresponding to the Grenelle 2 Law topic	2012 CSR Report (relevant sections)	2012 Registration Document (relevant sections)	Reporting status
<b>1. Human resources information</b>				
<b>a) Employees</b>				
Total number of employees	G.1a	5.1.1.	17.1.1.	<input type="checkbox"/>
Breakdown by gender	G.1b	5.6.2.	17.1.1.	<input type="checkbox"/>
Breakdown by age	G.1c	5.6.2.	17.1.1.	<input type="checkbox"/>
Breakdown by region	G.1d	5.1.1.	17.1.2.	<input type="checkbox"/>
• Hirings	G.2a	5.1.2.	17.1.1.	<input type="checkbox"/>
• Dismissals	G.2b	5.1.2.	17.1.1.	<input type="checkbox"/>
• Compensation and trends in compensation	G.3	5.5.	17.1.4.	<input type="checkbox"/>
<b>b) Workplace organisation</b>				
Working hours	G.4	5.4.7.	17.1.2.	<input type="checkbox"/>
Absenteeism	G.5	5.4.7.	17.1.2.	<input type="checkbox"/>
<b>c) Employee relations</b>				
Social dialogue, including procedures for informing, consulting, and negotiating with personnel	G.6	5.6.3.	17.4.1./17.4.2.	<input type="checkbox"/>
Collective bargaining agreements	G.7	5.6.3./5.3.2.	17.4.1.	<input type="checkbox"/>
<b>d) Occupational safety and health</b>				
• Safety and health conditions at the workplace	G.8	5.4.1.	17.2.1.	<input type="checkbox"/>
• Occupational safety and health agreements with trade unions and employee representatives	G.9	5.4.5.	17.2.3.	<input type="checkbox"/>
• Workplace accidents, including frequency and severity, and occupational diseases	G.10	5.4.2./5.4.4.	17.2.2.	<input type="checkbox"/>
<b>e) Training</b>				
Employee training policies	G.11a	5.2.3.	17.1.3.1.	<input type="checkbox"/>
Employee training resources	G.11b	5.2.3.	17.1.3.2.	<input type="checkbox"/>
• Total hours of training	G.12	5.2.3.	17.1.3.2.	<input type="checkbox"/>
<b>f) Equal opportunity</b>				
• Measures to promote gender equality	G.13	5.6.2.	17.3.2.1.	<input type="checkbox"/>
• Measures to promote employment of the disabled	G.14	5.6.1.	17.3.2.2.	<input type="checkbox"/>
• Anti-discrimination policy	G.15	5.6./5.6.1./5.6.2.	17.1.1./17.3./17.3.2.3./17.3.3.	<input type="checkbox"/>
<b>g) Compliance with and promotion of the International Labour Organization's Fundamental Conventions</b>				
• Right to Organise and Collective Bargaining Convention	G.16	5.6.3.	17.4.1.	<input type="checkbox"/>
• Discrimination (Employment and Occupation) Convention	G.17	5.6.3.	17.4.1.	<input type="checkbox"/>
• Abolition of Forced Labour Convention	G.18	5.6.3.	17.4.1.	<input type="checkbox"/>
• Worst Forms of Child Labour Convention	G.19	5.6.3.	17.4.1.	<input type="checkbox"/>



Required information	PSA icon number corresponding to the Grenelle 2 Law topic	2012 CSR Report (relevant sections)	2012 Registration Document (relevant sections)	Reporting status
<b>2. Environmental information</b>				
<b>a) General environmental policy</b>				
• Measures the Company has implemented to address environmental issues	G.20	2.1./3.1.1.1.	5.3.1./ 5.3.2./5.3.3.1.	<input type="checkbox"/>
Environmental audits and certifications	G.20	3.1.1.2./6.3.3.	5.3.3.2.	<input type="checkbox"/>
• Employee training and awareness-building on environmental protection	G.21	3.1.	5.3.3.3.	<input type="checkbox"/>
• Resources allocated to preventing pollution and other environmental risks	G.22	2.1.2.1./2.2.1./2.2.1.3. /2.2.1.4./2.2.1.5. /2.2.1.6./2.2.2./3.1. /3.1.2./3.1.3.1. /3.1.4./3.1.4.3./ 3.1.5.	5.3.2./5.3.2.1. /5.3.2.1.2./5.3.2.1.3. /5.3.2.2./5.3.3.4.	<input type="checkbox"/>
• The amount of guarantees and provisions for environmental risks, provided that disclosing this information would not cause serious harm to the Company in an ongoing legal dispute	G.23	3.1.4.3.	5.3.3.4.3.	<input type="checkbox"/>
<b>b) Pollution and waste management</b>				
• Measures for preventing or reducing the emission of air, water, and soil pollutants, and remediation efforts for any such emissions	G.24	2.2.2./2.2.3.1./3.1. /3.1.3.1./3.1.4./3.1.4.2. /3.1.4.3./3.1.4.5.	5.3.2.2./5.3.2.3.2. /5.3.3.3./5.3.3.4. /5.3.4.2.	<input type="checkbox"/>
• Measures for reducing, recycling, and eliminating waste	G.25	2.2.3.2./ 3.1.5.	5.3.2.3.3./5.3.3.4.2. /5.3.4.4.	<input type="checkbox"/>
• Procedures for accounting for the noise and other pollution specific to a given activity	G.26	3.1.4.4./3.2./3.2.2.	5.3.3.4.2.	<input type="checkbox"/>
<b>c) Sustainable use of resources</b>				
• Water consumption and sourcing relative to local conditions	G.27	3.1.3.1.	5.3.4.2.	<input type="checkbox"/>
• Consumption of raw materials and measures to use raw materials more efficiently	G.28	2.1.3./2.2.3.1./3.1.3.2.	5.3.2.3.1./5.3.4.3.	<input type="checkbox"/>
• Energy consumption, measures to improve energy efficiency, and the use of renewable energy	G.29	2.2.1.3./2.2.1.4. /2.2.1.5./2.2.1.6. /3.1.2.1.	5.3.2.1.2./5.3.4.1.	<input type="checkbox"/>
• Soil use	G.30	3.1.4.5.	5.3.3.4.2.	<input type="checkbox"/>
<b>d) Climate change</b>				
• Greenhouse gas emissions	G.31	2.2.1.2./3.1.2.2. /3.1.2.3./6.3.3.	5.3.2.1.1./5.3.4.1.	<input type="checkbox"/>
• Measures for adapting to the consequences of climate change	G.32	2.2.1./2.2.1.3. /2.2.1.4./2.2.1.5. /2.2.1.6./2.3./2.3.2. /3.1.2./3.1.2.2./3.1.2.3.	5.3.2.1./5.3.2.1.2. /5.3.2.4./5.3.4.1.	<input type="checkbox"/>
<b>e) Biodiversity protection</b>				
Measures for protecting or improving biodiversity	G.33	3.1.4.4./3.2./3.2.2.	5.3.3.4.2.	<input type="checkbox"/>



Required information	PSA icon number corresponding to the Grenelle 2 Law topic	2012 CSR Report (relevant sections)	2012 Registration Document (relevant sections)	Reporting status
<b>3. Information on societal initiatives to support sustainable development</b>				
<b>a) Effect on local communities, economies, and jobs</b>				
• Regional development and jobs	G.34	4.1.1./4.1.2./5.5.1.	5.3.5.2.1./5.3.5.2.2./17.1.5.	<input type="checkbox"/>
• Local communities	G.35	4.2.	5.3.5.4.	<input type="checkbox"/>
<b>b) Relationships with people and organisations concerned by the Company's operations, like welfare-to-work agencies, educational establishments, environmental organisations, consumer associations, and community organisations</b>				
• Outreach programmes designed for these people and organisations	G.36	1.4.	5.3.5.1.	<input type="checkbox"/>
• Corporate sponsorship activities	G.37	4.1.2./4.2.	5.3.5.2.2./5.3.5.4./17.3.2.2.	<input type="checkbox"/>
<b>c) Subcontractors and suppliers</b>				
• A sourcing policy that factors in social and environmental criteria	G.38	4.1.1.	5.3.5.2.1.	<input type="checkbox"/>
• The extent to which the company uses subcontractors, and whether the company's subcontractor and supplier relationships take into account their corporate social responsibility	G.39	4.1.1./4.1.5.	5.3.5.2.1./5.3.5.2.3.	<input type="checkbox"/>
<b>d) Fair business practices</b>				
• Anti-corruption measures	G.40	5.6.3./6.3.1./6.3.2.	5.3.5.5.	<input type="checkbox"/>
• Measures to protect consumer health and safety	G.41	2.2.2./2.2.3.1./2.3.2./2.3.3./2.4.3./3.1.4./6.3.3.	5.3.2.2./5.3.2.3.2./5.3.5.1.	<input type="checkbox"/>
<b>e) Other measures taken related to Article R. 255-105</b>				
• Measures to respect human rights	G.42	4.1.5.	5.3.5.2.3./17.3.3.	<input type="checkbox"/>



## GRI STATEMENT AND CROSS REFERENCE TABLES

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