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CORPORATE SOCIAL RESPONSABILITY REPORT



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"... these long-term commitments are part of a proactive strategy that conveys our vision of a responsible automotive industry and reflects the three focus areas that form our corporate social responsibility programme"

CARLOS TAVARES

Chairman of the Managing Board

1.1. MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD

G4-1

2015: BACK ON FORM, THE GROUP REAFFIRMS ITS COMMITMENT TO DRIVE ITS BUSINESS RESPONSIBLY AND TRANSPARENTLY

"PSA concentrated on restoring its economic fundamentals in 2015, which allows the group to anticipate a profitable medium-term growth plan. Turning our financial situation around coincided with greater recognition among experts of our environmental, social and governance (ESG) performance. This is a clear demonstration that maintaining a commitment to Corporate Social Responsibility goes hand in hand with sustainable economic performance.

The Group, whose adherence to the ILO conventions and the principles of the UN Global Compact is well established and regularly renewed, has long embraced its responsibility to society and the environment. This responsibility is deeply embedded in the Group's culture and its core values.

The Group's commitments are part of a 10-year proactive strategy, projecting the vision of a responsible automotive industry and reflecting the three focus areas that underpin our Corporate Social Responsibility programme:

- sustainable mobility;
- the economic development of host countries, regions and communities;
- social dialogue as a crucible for innovative solutions in the face of change.

For PSA, sustainable mobility means making everyday life easier for people. It requires a constant effort to reduce our environmental impacts.

Above all, it means low carbon and low emissions. With 104.4 g/km of CO₂, PSA remained the European leader in this area in 2015. This stems from a deliberate decision to channel our R&D investments into solutions to reduce fuel consumption and vehicle emissions; solutions that, as soon as they are developed, are rolled out across our entire fleet. As a result, only vehicles from the Group's brands – PEUGEOT, CITROËN and DS – come with Selective Catalytic Reduction (SCR), a unique technological solution recognised as the most effective way of reducing nitrogen oxide emissions. With these investment decisions, the Group defends the need for market-wide adoption of the latest technology to address the issues of climate change and air quality. It is what our customers – and the general public – expect. Building on its long tradition of transparency and dialogue with stakeholders, PSA has partnered with the environmental NGO Transport & Environnement, an independent third party tasked with checking real-world consumption figures for our vehicles with the help of the certification company Bureau Veritas. The results will be made public in the spring of 2016 with the aim of providing the customers of our brands with the most accurate information on consumption.

Our commitment to sustainable mobility is also one that draws on the vast potential of the circular economy, limiting the depletion of natural resources and actively putting more recycled materials into supply chains.

It also involves sharing, in the sense that the vehicle experience will become more important than ownership. The Company's success depends on its ability to keep pace with the changing needs of society. Car sharing is an effective solution to urban congestion and a way to meet the mobility needs of the less fortunate. On 17 June 2015, PSA and Bolloré Group signed a global strategic partnership agreement on electric vehicles and car sharing. Every day, the PSA Foundation invents new forms of shared and socially responsible mobility with its partner associations and local public-sector actors.

Ultimately the emphasis is on smart and connected mobility: our autonomous vehicle travelled on a public motorway for the first time in 2015, a precursor of solutions that combine safety, improved traffic flow, optimised fuel consumption and preservation of the link between users and their environment. Designing an ecosystem and developing service catalogues are now part of the roadmap for the autonomous vehicle.

In addition, the Group is fully conscious of its responsibilities as a core player in economic development for its host countries.

With its supplier base, it adopts a policy of local integration in each of its operational regions: in Asia, Latin America, Europe and soon Africa, with the plant planned for the Kenitra region. This will have a 60% local integration rate when the project commences in 2019, eventually increasing to 80%.

Car sharing is one of the ways to meet the mobility needs of the less fortunate, especially the most vulnerable members of society, those in rural communities and people living in outlying urban areas not well served by public transport. As 2016 gets under way, the Group has renewed its philanthropic commitment for a further five years: through its Foundation, it will continue developing solutions to strengthen social cohesion for marginalised populations in its local communities. The PSA Foundation has already lent its support to more than 400 projects around the world.

Our responsibility is also reflected in the Group's efforts to promote social integration through work, as well as internship and work-study programmes at our sites and across our networks.

Our responsibility also takes the form of initiatives on behalf of all of our employees, by implementing an attentive and ground-breaking approach to human resources management that emphasises effective dialogue as central to all relations with our staff. This dialogue was instrumental to the development of the Group's "New Social Contract", an essential ingredient in the rebuilding of our financial fundamentals. In 2015, the Group demonstrated its commitment to job security by adopting a brand new, effective solution in the form of permanent contracts for temporary employees or platforms for territorial mobility and job transfers.

After a year in which events cast a pall over the entire automotive industry, I would like to underline the Group's commitment to business ethics that are universally applied and adhered to. This is the only way we can guarantee a strong and healthy economy.

Our socially responsible approach garners high praise from rating agencies, spurring us on to continue our efforts. Over the last two decades, extraordinary progress has been made in the automotive industry, in terms of safety as well as reductions in both greenhouse gas emissions and pollutants. The automobile must be seen more as a mobility solution than as a potential problem and will continue to hold its rightful place among modern means of transport thanks to constant progress made in limiting its environmental impacts. Automated, connected, shared and continually reducing their environmental impacts, tomorrow's cars are already being designed today at PSA."

Carlos Tavares,

Chairman of the Managing Board



1.2. GROUP PROFILE

1.2.1. Core businesses, brands and locations in 2015

G4-3

G4-4

G4-6

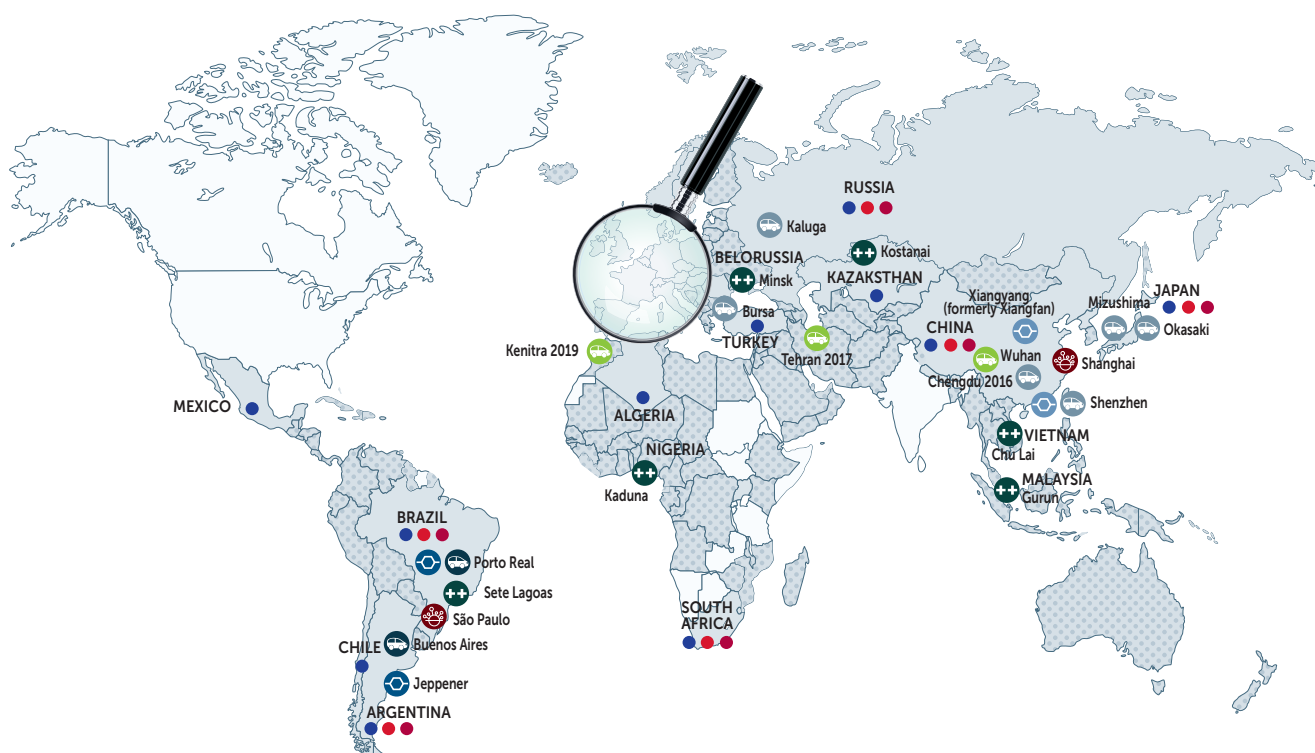
G4-7

G4-8

G4-9

WORLDWIDE LOCATIONS

AUTOMOTIVE MANUFACTURING, R&D AND SALES ESTABLISHMENTS



MANUFACTURING ESTABLISHMENTS

Vehicle production site
 operated as a joint venture, partnership or through another form of cooperation)*

planned)

PSA's ambitions in the Africa-Middle East region:
 1 million vehicles

Mechanical component plant or foundry
 operated as a joint venture, partnership or through another form of cooperation)*

Assembly plant*

OTHER ESTABLISHMENTS

R&D centre

SALES ESTABLISHMENTS

Country where the Group is present with a sales subsidiary

PEUGEOT CITROËN DS AUTOMOBILES

Country where the Group's vehicles are sold by an importer*

NB: Office facilities, head offices, computer centres and non-automotive activities are not shown.

*Excluded from CSR reporting.




VEHICLES SOLD IN 2015

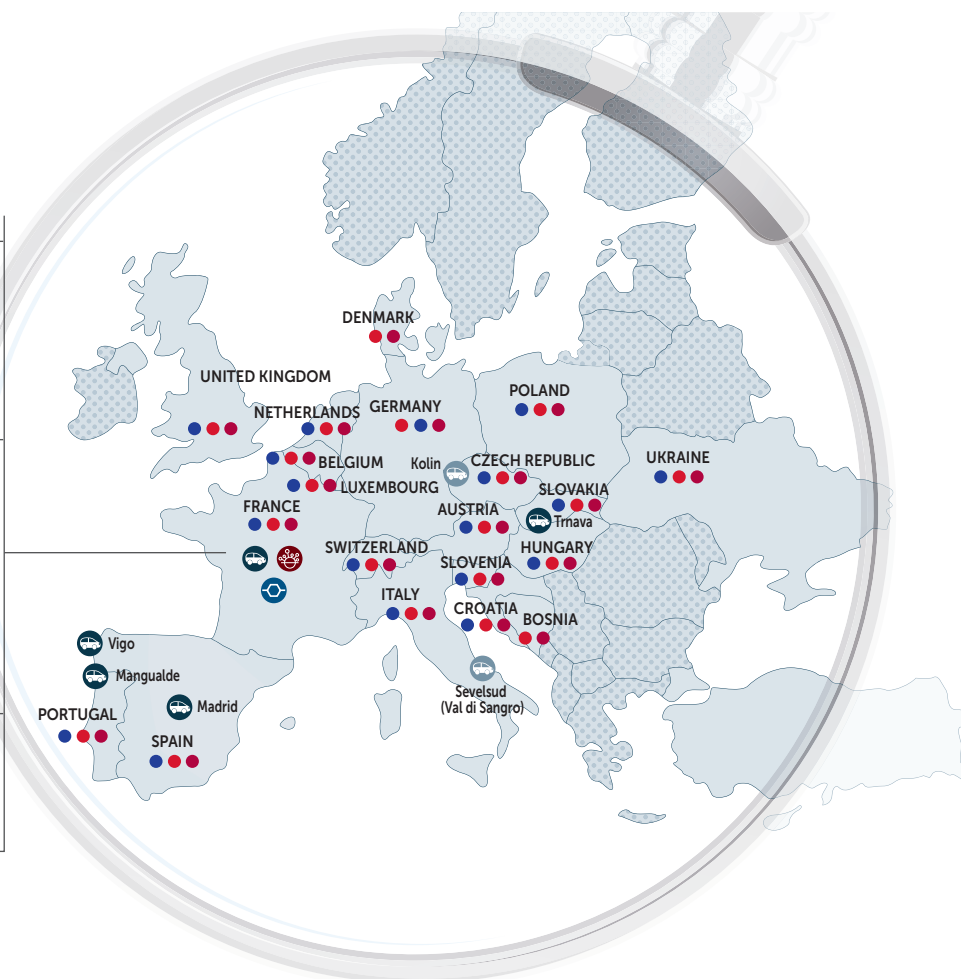
PEUGEOT
 1,709,600

CITROËN
 1,161,000

DS AUTOMOBILES
 102,400

ESTABLISHMENTS IN FRANCE

-  Mandeure (scooters)
- Mulhouse
- Poissy
- Rennes
- Sevelnord
- Sochaux
- Vesoul
-  Caen
- Charleville-Mézières
- Douvrin (FM)
- Hérimoncourt
- Metz
- Mulhouse
- Saint-Ouen
- Sept-Fons
- Trémery
- Valenciennes
-  Belchamp
- Carrières-sous-Poissy
- La Ferté-Vidame
- La Garenne
- Vélizy



95,669

EMPLOYEES IN THE
AUTOMOTIVE DIVISION

1,012

PATENTS FILED WITH
13,500 EMPLOYEES
IN R&D

7.9

MILLION EUROS
DONATED TO LOCAL
GOOD CAUSES

104.4

G/KM CO₂ ON AVERAGE
FOR VEHICLES
SOLD IN EUROPE

54.6

BILLION EUROS
IN REVENUE

160

HOST COUNTRIES

A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.2. Group profile

Its three world-renowned brands, PEUGEOT, CITROËN and DS, PSA sold 2,973,000 vehicles worldwide in 2015, compared with 2,939,000 in 2014, an increase of 1.2%. Sales rose in Europe, the Middle East-Africa and India-Pacific and were virtually unchanged in China.

Region	Vehicles sold in 2015	% of total sales	Change from 2014
Europe	1,864,000	62.7%	+5.9%
China and Southeast Asia	736,000	24.8%	-0.9%
Middle East-Africa	180,300	6.1%	+6.4%
Latin America	157,300	5.3%	-21.3%
India-Pacific	23,800	0.8%	+6.5%
Eurasia	12,000	0.4%	-72.6%

PSA recorded sales and revenues of €54.6 billion in 2015, versus €53.6 billion in 2014. The Group has confirmed its position as the lowest CO₂-emitting auto-maker in Europe, with an average of 104.4 g/km of CO₂ in 2015. PSA has sales operations in 160 countries. It is also involved in financing activities (BANQUE PSA FINANCE) and automotive equipment (FAURECIA).

The Group is structured around four main segments:

- the Automotive Division, covering the design, manufacture and sale to individuals or corporate customers of passenger cars and light commercial vehicles under the PEUGEOT, CITROËN and DS brands;
- the Automotive Equipment Division, corresponding to the FAURECIA comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Finance Division, corresponding to the BANQUE PSA FINANCE Group, which provides retail financing to customers of the PEUGEOT, CITROËN and DS brands and wholesale financing to the brands' dealer networks.

In February 2014, PSA and BANQUE PSA FINANCE announced that they had entered into exclusive negotiations with Santander Consumer Finance (SCF) to form a 50:50 partnership for developing BPF's business in Europe. A framework agreement was signed on 10 July 2014 to create a European partnership involving 11 European countries. Subject to the approval of competition and regulatory authorities in the main countries, the transactions began in early 2015 and will continue in 2016.

In 2015, the partnership already significantly enhanced commercial capabilities for PSA's brands, enabling them to increase their penetration of the car finance market. It also creates a sustainable and dynamic captive financing activity, with competitive offers dedicated to the Group's brands and customers;

- other businesses, which include the operations of Peugeot S.A., the Group's holding company. In 2015, the Group sold the majority of its stake in PEUGEOT MOTOCYCLES, which is no longer consolidated in this report.

This report reflects the Corporate Social Responsibility policies, commitments and results of the Automobile and Finance Divisions for 2015.

FAURECIA's presentation of its CSR programme is included in its own Registration Document.

THE PEUGEOT BRAND

A rewarding and stimulating ride, sporty design and uncompromising quality are all hallmarks of the brand's customer commitment; it is partly why driving a PEUGEOT is such an emotive experience.

Present in nearly 160 countries with over 10,000 dealerships, the number of PEUGEOT vehicles sold worldwide rose by 4.6% in 2015 to 1.71 million.

This growth is buoyed by the success of the new PEUGEOT 8-seater range: a coherent range reinvented for the modern age, paired with efficient, best-in-class technology to deliver driving pleasure a world apart from the competition. By continuing to move upmarket in all of its current vehicle programmes, regardless of the segment, and by combining excellence, style and emotion, PEUGEOT has set its sights on being the best high-end volume carmaker.

The brand's automotive history – which dates back to 1889 – reached a new milestone in 2015 following the success of the 2008 DKR at the Dakar Rally.

Peugeot is the only brand to offer a complete range of mobility solutions, with passenger cars and light commercial vehicles, scooters, bicycles and a full spectrum of services, including the short-term rental and car-sharing scheme Mu by PEUGEOT/PEUGEOTRENT.

Maxime Picat, Chief Executive Officer, PEUGEOT

Brand: "The strong growth of the brand in 2015 shows that PEUGEOT is back in the running, led by efficient, dynamic and innovative products. This successful performance perfectly illustrates PEUGEOT's strategy and drive to become the best high-end volume carmaker."

THE CITROËN BRAND

CITROËN harnesses creative flair and technology to enhance well-being. Since 1919, CITROËN has been instrumental in the democratisation of the car, offering practical and purposeful solutions to the issues faced in every era. Today, the value of CITROËN models is essentially distilled in their design, comfort and user-friendly technology.

With 10,000 sales and after-sales outlets in over 90 countries, CITROËN sold almost 1.2 million vehicles in 2015. The brand has also garnered eight Manufacturers' World Championship titles in the World Rally Championship, and a second consecutive Manufacturers' title in the FIA World Touring Car Championship in 2015.

Linda Jackson, Chief Executive Officer, CITROËN Brand:

"In 2015, although the conditions remain challenging in Latin America and Eurasia, CITROËN has remained on course. This improvement is anchored in our recent launches: the new C1, the C4 Cactus and the C3-XR in China. It also demonstrates the attractiveness of our new positioning, illustrated in particular by our Aircross and Cactus M concepts."

Designed for customers looking for a means to express themselves as individuals, the DS range combines exceptional styling, sensations and refinement with premium materials and advanced technology. Nowhere is this more apparent than on the new DS5, with its full-hybrid diesel powertrain (Hybrid 4x4).

Marketed in Europe at DS STOREs and DS SALONS (dedicated areas within the CITROËN network), DS boasts its own network of sales outlets in China. At the end of 2015, the brand had 220 dedicated outlets worldwide, including 96 DS STORE in Europe, double the size of the dealership network at its launch.

For its customers, DS has come to represent a brand experience that goes beyond the product to include a range of exclusive premium services, in particular through the DS PRIVILEGE Club.

In 2015, DS confirmed its worldwide success with nearly 102,400 vehicles sold, bringing the total number sold since the launch of the brand to more than 600,000.

Yves Bonnefont, Chief Executive Officer, DS brand

"In a year that was both eventful and intense, we laid in 2015 the groundwork for our long-term strategy, most notably with the worldwide launch of our new Brand identity, the beginning of a process to renew our line-up and the opening of new DS STORE and DS SALON worldwide. Our entire range is now fitted with engines combining power and efficiency, the latest generation EAT6 automatic gearbox, and new connected services which are compatible with all types of smartphones. We are therefore moving forward confidently into 2016, with the aim of sustaining this momentum."

THE DS BRAND

A French brand conceived in Paris, DS was officially founded on 1 June 2014. Its stated ambition is to revive the tradition of premium vehicles in the French automotive industry. Drawing on the very best of French know-how, DS perpetuates the values of innovation and distinction inherited from the CITROËN DS, launched in 1955.

1.2.2. Key figures G4-9

MAIN FINANCIAL RESULTS

Consolidated revenue by business

(€ million)	Automotive Division	Automotive equipment Division	Other businesses	Finance companies		Eliminations and reconciliations	Total
				100%	Reconciliation		
2015 net revenue							
› from sales to outside customers	37,510	16,915	1	1,246	(996)	-	54,676
› from intragroup sales	4	1,855	109	355	-	(2,323)	
TOTAL 2015	37,514	18,770	110	1,601	(996)	(2,323)	54,676
2014 net revenue							
› from sales to outside customers	36,084	15,224	2	1,341	(1,059)	-	51,592
› from intragroup sales	1	1,653	98	362	-	(2,114)	-
TOTAL 2014	36,085	16,877	100	1,703	(1,059)	(2,114)	51,592

A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.2. Group profile

Consolidated revenue by region

In the table below:

- revenue is presented by customer marketing area;
- for investments and assets by geographic location of the subsidiary concerned.

(€ million)		Europe	Eurasia	China and Southeast Asia	India-Pacific	Latin America	Middle East-Africa	North America	Total
2015	Revenue	38,704	348	3,724	922	3,616	2,638	4,724	54,676
	Tangible assets	9,467	142	361	90	373	54	407	10,894
2014	Revenue	35,791	848	3,830	1,100	3,783	2,367	3,873	51,592
	Tangible assets	9,580	160	265	70	348	49	359	10,831

Detailed information on the breakdown of PSA revenue by business and by region is available in Chapter 6 of the Group's Registration Document.

Liquidity reserves

(€ million)	31/12/2015	31/12/2014
Cash and cash equivalents*	10,465	8,477
Financial investments	352	266
Current & non-current financial assets	535	520
TOTAL	11,352	9,263
Credit lines (undrawn) – excluding FAURECIA	3,000	3,000
Credit lines (undrawn) – FAURECIA	1,200	1,200
TOTAL FINANCIAL SECURITY	15,552	13,463
<i>o/w FAURECIA</i>	<i>2,234</i>	<i>2,297</i>

* Including €318 million in Argentina (€443 million at 31 December 2014).

Financial security is made up of available cash, other readily available financial assets and undrawn credit lines.

SALES VOLUMES BY ENERGY

Consolidated worldwide sales for PSA by energy and by region

Energy	Year	China and ASEAN	Eurasia	Europe*	Asia Pacific	Latin America	Middle East-Africa	Total
Petrol (and LPG)	2015	733,231	8,278	622,689	13,725	116,230	51,687	1,545,840
	2014	740,361	30,886	530,038	14,956	163,880	57,535	1,537,656
	2013	563,289	54,021	480,624	15,398	249,213	89,398	1,451,943
Diesel	2015	2,717	3,719	1,231,946	10,054	40,848	128,448	1,417,732
	2014	2,246	12,943	1,216,292	7,388	35,989	111,754	1,386,612
	2013	1,666	20,374	1,124,989	5,515	53,458	137,483	1,343,485
Hybrid	2015		3	5,714	1		70	5,788
	2014	8	1	12,246	6		102	12,363
	2013	10	3	21,867	49		154	22,083
Electric	2015			3,628	9		2	3,639
	2014			2,268				2,268
	2013			1,184				1,184

* Europe includes 30 European countries, the Balkans and transiting vehicles.

WORKFORCE

(At 31 December)	2013	2014	2015
Group employees under permanent or fixed-term contracts (Automobile and Finance Divisions)	114,889	107,404	96,939

All key performance indicators for environmental, social and governance issues are shown at the beginning of each chapter in this report. Those relating to strategic CSR issues are shown in section 1.3.4.2, in the Group's CSR Scoreboard.

1.2.3. Group governance

G4-13

G4-34

G4-38

G4-39

G4-40

G4-52

OWNERSHIP STRUCTURE

The Group's ownership structure is presented in Chapter 7 of the Registration Document.

Each share gives the right to vote in the Annual General Meeting.

Double voting rights are awarded to fully-paid non-transferrable shares, registered in one person's name for at least two years.

In compliance with Article 223-11 of the regulations of the financial markets authorities, voting rights are presented according to their "theoretical" calculation, based on all the shares which give the right to vote, including non-voting shares (treasury shares). These theoretical voting rights are used to calculate the shareholding threshold.

Following the share capital increase operations in April and May 2014, DMHK, SOGEP and FFP/EPF each hold 13.68% of the Peugeot S.A. equity. To the Company's knowledge, no shareholders other than those mentioned in the table presented in Chapter 7 of the Registration Document hold, directly or indirectly, more than 5% of the equity or voting rights in Peugeot S.A. PSA has introduced a diversified employee savings system in the individual countries. Employee profit sharing came out at 2.37%, representing nearly 52,000 of the Group's current or former employees. The Group (excluding FAURECIA) organised the "Accelerate" plan, the first capital increase by the Group reserved for employees, which took place on 29 January 2015. Since 2013, the Supervisory Board has included a representative of the employee shareholders (see the section on "Stakeholder Representation" below).

PRESENTATION OF MANAGING BODIES

The Group's management bodies are presented in section 3.2 of the Registration Document.

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.

- 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 medium-term strategic plan and the capital expenditure plan as well as the budget.

The Supervisory Board has established four committees:

- the Finance and Audit Committee,
- the Strategy Committee,
- the Appointments, Compensation and Governance Committee,
- the Asia Business Development Committee.

The roles and responsibilities of these committees are described in section 3.1 of the Registration Document.

- Managing Board members are appointed by the Supervisory Board. They may be removed from office by the Supervisory Board, or by the Shareholders' Meeting, in accordance with French company law.

The Chairman of the Supervisory Board is not a member of the Managing Board.

The various roles and responsibilities of the Group's managing bodies are described in Chapter 3 of the Registration Document.

POSITIONS HELD RELATING TO ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

Members of the Supervisory Board are selected with a view to ensuring sufficient diversity and complementarity of skills to deliver the Company's strategy. In particular, members of the Board and its specialised committees are selected so that each candidate excels in one of the following competencies: strategic management, manufacturing, finance, technology/innovation, automotive industry, risk management, global/international, CSR. With regard to CSR:

- Louis Gallois, Chairman of the Supervisory Board since 2014, was elected, in his individual capacity, as President of FNARS, a French national federation of social aid and reintegration organisations, by vote of its new Board of Directors on 22 June 2012. Mr Gallois also heads an IFA (French Institute of Directors) working group on risk appetite, i.e. measuring the risk that an organisation is willing to accept and the alignment of stakeholders on the subject. He is also Chairman of the Board of Directors of the French National Association of Technical Research (ANRT) and co-chairs the think-tank La Fabrique de l'Industrie. The IFA has also set up a CSR working group, enabling directors to stay up to date on CSR developments and share best practice;
- Geoffroy Roux de Bézieux, a Supervisory Board member since 2013 and Chairman of the Appointments, Compensation and Governance Committee, chairs the Economic Committee of MEDEF;
- Marie-Hélène Roncoroni, a Supervisory Board member, is Vice-Chairman of the PSA Foundation.

- A representative of employee shareholders was appointed by the supervisory boards of the corporate mutual funds, in accordance with the provisions of Article L. 225-71 of the French Commercial Code and the Articles of Association (Article 10.I C). It was suggested to the employee representatives that they attend the Institut Français des Administrateurs training programme. Anne Valleron completed this training in 2015.

Minority shareholders

In April 2014, the Supervisory Board selected, from among its independent members, a senior independent member, Geoffroy Roux de Bézieux, whose responsibilities are to:

- notify the Chairman of the Supervisory Board of any conflict of interest it has identified which could affect the deliberations of the Board;
- take note of the significant governance concerns of shareholders not represented on the Supervisory Board and ensuring that they are addressed;
- report on the performance of his or her duties to the Supervisory Board and, where applicable, to the Shareholders' Meeting.

Shareholders who meet the legal and regulatory requirements may apply to have specific items or draft resolutions added to the agenda by submitting them to the Company's registered office, as described in the notice of meeting. All draft resolutions are published on the Group's website. Electronic voting on Internet is in place for the 2016 Annual General Meeting.

STAKEHOLDER REPRESENTATION

Employees

- Jean-François Kondratiuk was appointed as employee representative to the Supervisory Board by the Group's European Works Council, pursuant to Article L. 225-79-2 of the French Commercial Code and the amendment to the Articles of Association (introducing a new Article 10-I-B), voted by the Shareholders' Meeting on 25 April 2014, following the entry into force of the French employment protection act. Mr Kondratiuk was appointed for a four-year term of office.

MEMBERSHIP OF AN UNDER-REPRESENTED SOCIAL GROUP

- Membership of an under-represented social group is not among the assessment criteria authorised by French law.

1.2.4. The Group's roadmap: from "Back In the Race" to "Push to Pass"

"Back in the Race" PSA corporate plan for 2014-2018. The Group achieved and exceeded the objectives of its reconstruction plan ahead of schedule.

The four operational levers of "Back in the Race" helped to achieve this result.

1. DS, PEUGEOT and CITROËN, three globally renowned brands

The three brands are strong. They are differentiated yet complementary. Their products are attractive and appreciated by the customers. The success of the three rejuvenated brands has had a positive effect on the Group's economic results.

DS is now a premium brand in its own right.

2. A focused, targeted, more relevant global product plan

The Group's product ranges are being streamlined. The number of models has gone down from 45 in 2014 to 39 in 2015, for a target of 26 models by 2022.

The product strategy is now global and focused on the most profitable products. Rolling out global vehicles, built on the basis of a carefully targeted technology portfolio allows the Group to do more with each euro invested. PSA can finance all the technology it needs.

The optimised use of platforms and programmes worldwide allows for more focused R&D and Capex investments.

3. Profitable international growth built up in keeping with the fundamentals of the automotive business

In 2015, the Group tripled its revenues and completed its economic reconstruction.

In an unstable environment, agility and operational excellence are the keys to this success. These are the drivers the Group will rely on to implement its next strategic profitable growth plan "Push to Pass", presented on 5 April 2016 in line with the values of responsibility and citizenship.

Profitability in the six regions improved significantly:

- the Group continues to accelerate its growth in China, aiming to triple 2013 volumes with DONGFENG by 2022, and effectively managing the growth of the DS brand. The partnership signed with DONGFENG will also allow the Group to accelerate growth in ASEAN. Eurasia has quartered its losses since 2013;
- in Europe, volumes went up 14.4% between 2013 and 2015;
- Latin America has become profitable for the first time following the transformation of the Group's business model;
- finally, PSA is moving into new growth countries, for example Africa or the Mediterranean area.

4. Modernisation to aid competitiveness, particularly in Europe

- To cope with the competition, PSA is speeding up the modernisation of their manufacturing plants and adapting them to the best global industrial benchmarks, while continuing to reduce costs and stocks. In 2015, the break-even point (at which the Group becomes profitable) was lowered to 1.6 million vehicles (for a target of 2 million), which is 1 million less than in 2013. The Group's plants are becoming increasingly competitive worldwide. This is due to a sharp reduction in production costs and all the fixed and variable costs. The Group has become agile.

1.3. CSR ORGANISATION, STRATEGY AND POLICY

For a group like PSA, meeting Corporate Social Responsibility commitments is seen as a means to guarantee its own economic sustainability and is achieved by addressing the concerns of its main stakeholders, who are affected by its decisions or actions.

For many years, the Group has been organised so as to take into account societal, social and environmental transformations, adapting its strategy and implementing action plans able to offer the most

effective response to its challenges. Furthermore, the robust CSR reporting processes used by the Group for more than ten years aptly illustrate its strong dedication to transparency in these areas. Over the years, the Group's CSR commitment has become an integral part of its business strategy: CSR issues are validated at the highest levels. Executive Committee members assume direct responsibility with respect to these issues and all operational action plans incorporate CSR criteria.

1.3.1. CSR governance

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1.3.1.1. AT THE STRATEGIC LEVEL: ROLE OF HIGHEST GOVERNANCE BODIES IN SHAPING THE GROUP'S APPROACH TO CSR

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

At the executive body level

Progress made on meeting CSR commitments and objectives is reviewed periodically and is approved and monitored by the Group's 16-member Executive Committee, which includes the members of the Managing Board.

In addition, by way of a system of delegation and sub-delegation of powers in writing, the Managing Board or its Chairman explicitly delegates a certain number of powers relating to Corporate Social Responsibility to selected senior executives. For example:

- the Group's Executive Vice-President for Human Resources, who is a member of the Executive Committee, is granted in particular "all powers to take charge of, coordinate and assume prime responsibility for the management of individual and collective relations between employees and employers within the Group,

in all its aspects" and in doing so "ensures compliance with applicable rules governing the avoidance of discrimination in the workplace", "makes sure that the Group's accident prevention policy as well as the various regulations relating to health, safety and working conditions are properly applied", "monitors collective labour relations in all their aspects", etc.;

- at the same time, and still by way of example, production plant directors in France are granted, in particular, all powers to "ensure compliance with applicable regulations, especially those relating to social law in the areas of health and safety and environmental law in the industrial domain."

At the supervisory body level

The Group's strategic CSR commitments and their progress report are presented to the Supervisory Board. Given the importance and scope of CSR issues that, for an automobile manufacturer, come into play for many of its strategic decisions, there is no single committee established for this domain. Each Supervisory Board Committee, and where applicable the Board itself depending on the issue involved, handles these issues within its area of expertise.

Some examples:

Governing body	Examples of CSR issues handled
› Supervisory Board	Issues, including CSR issues, relating to the medium-term strategic plan
› Finance and Audit Committee	Issues deemed to involve high risk from a CSR perspective, issues relating to business ethics and its economic consequences
› The Strategy Committee	Environmental issues, including those relating to climate change and air quality
› Appointments, Compensation and Governance Committee	Company issues, including issues relating to diversity and corporate governance

The Finance and Audit Committee of the Supervisory Board ensures that risk management and internal control procedures function effectively.

It reviews the internal control procedures in place and the mapping of risks, including CSR risks, with particular emphasis on risks which could have an impact on financial and accounting information, and verifies the maturity and proficiency level in the application of these procedures. The Committee also examines the means used to implement these procedures and the remedial actions applied to correct any material weaknesses or deficiencies identified. To this end, it is informed of the main observations made by the Statutory Auditors as well as the Audit and Risk Management Department.

The Finance and Audit Committee of the Supervisory Board examines the organisational and operating principles of the Audit and Risk Management Department and gives its opinion on its organisation.

It also expresses an opinion on the Internal Audit plan for the coming year and is informed of the findings of (i) the initial audits performed under this plan and (ii) the audit follow-ups to check that auditees have implemented the recommendations.

The Committee reviews the Group's risk factors, in particular CSR risks, with the Head of Audit and Risk Management and with the Statutory Auditors, with or without the presence of Managing Board members.

1.3.1.2. AT THE OPERATIONAL LEVEL: CSR MANAGEMENT

CSR Organisation

The Group's Sustainable Development Delegation was formed in 2003, with a staff of three, and reports directly to the Executive Vice-President for Corporate Communications, who in turn reports to the Chairman of the Managing Board. The Delegation's remit is:

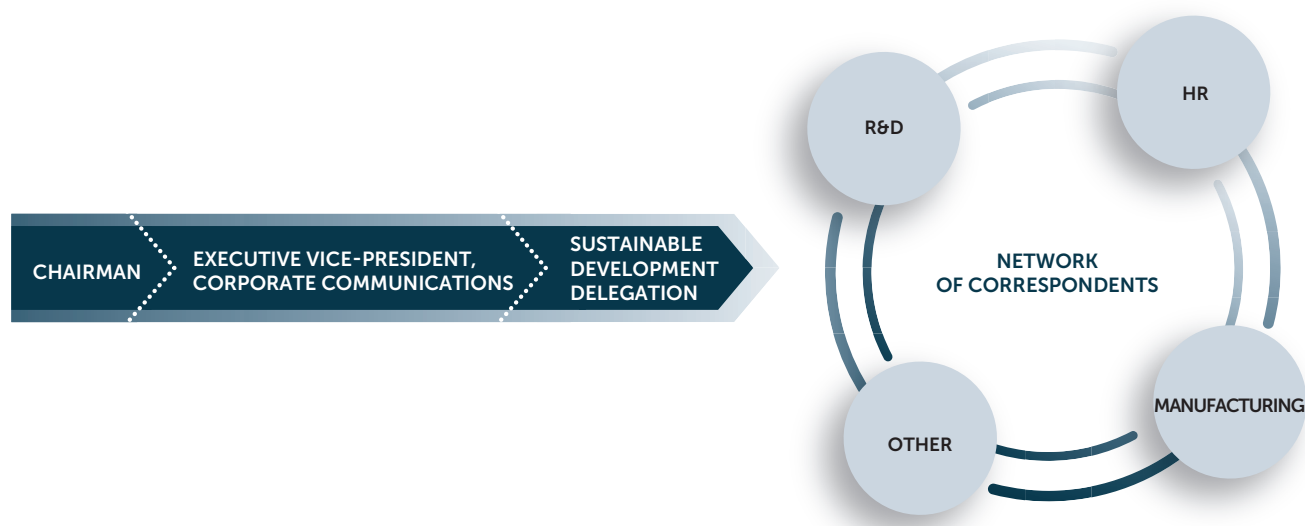
- to ensure that progress plans with the aim of improving the integration of sustainable development responsibilities within the Group's strategy are implemented, by working with and coordinating a network of front-line correspondents present in all the Group's departments who are experts in the different areas of Corporate Social Responsibility (human resources, environmental management, procurement, marketing, sponsorship, etc.);
- to organise dialogue with stakeholders, through this network, by mobilising the Group's experts on the subjects at hand;
- to coordinate thinking and proposals for actions enabling the Group to prepare for the regulatory developments related to CSR, to appropriate external best practice and share its own, identify scope for further progress and initiate the appropriate actions;
- to orchestrate each year's reporting on the Group's environmental, social and governance performance, coordinate its verification by an independent third party and oversee the preparation of the CSR Report, for which it serves as project manager, as well as the CSR chapter of the Group's Management Report;
- to submit the priority commitments, objectives and action plans for validation by the Executive Committee and take charge of all related follow-up actions as well as their communication both

within and outside the Group; inform the Supervisory Board on CSR;

- to manage relations with CSR rating agencies, in particular by making every effort to provide them with all information in response to their requests;
- to represent the Group's interests with researchers, regulators, consumer bodies, industry bodies and other specialised institutions;
- to be a proponent of actions serving to underscore the Group's CSR commitments.

The network of CSR correspondents brings together experts in the Group's various business lines who relay the messages of the Sustainable Development Delegation to teams in their area of expertise and serve as proponents to encourage improvements in practices. To this end, the correspondents rely on their own networks of contributors within their respective departments. A CSR meeting is held each quarter, attended by the Sustainable Development Delegation and all correspondents, to share best practices, discuss progress made on action plans and exchange information, in particular on upcoming changes in regulatory frameworks, so as to remain at the leading edge of CSR knowledge and expertise. All told, the CSR network involves the participation of nearly 500 contributors present in all of the Group's French entities and subsidiaries and in all the countries where the Group has operations.

The Executive Committee and the Executive Vice-Presidents who serve among its members play a key role in the Group's CSR policy: the Executive Committee validates the medium- and long-term strategic directions and ambitions for CSR and the Executive Vice-Presidents are responsible for ensuring adherence to the course adopted and are the guarantors of the implementation of the action plans necessary to attain the targets set.



Core areas of activity for the Sustainable Development Delegation in 2015

- Internally:
 - development of educational or informative material on CSR and the Group's actions, especially during sustainable development week, mobility week, etc.;
 - guidance for operational staff on how to improve the integration of CSR criteria within the business;

- With external stakeholders:

- implementation of the first stakeholder dialogue in the automotive sector in France: stakeholder dialogue day, an event organised by the automotive sector on 9 July 2015 on the theme of sustainable mobility. By bringing together companies and actors from civil society, the panel helped to define the points of convergence between players in the automotive sector and their stakeholders with a view to developing sustainable mobility (see section 1.4). The content of the debate has enabled PSA to refine its vision of integrated mobility through intermodal rather than competing modes of transport;

- formation of a partnership with the NGO Transport et Environnement for publication of the real-world fuel consumption of the Group's vehicles (announced by the Chairman of the Managing Board on 23 November 2015);
- on COP21: participation in Group communications such as the round table on new mobility in partnership with Universcience at the Palais de la Découverte on 23 November 2015; the round table on the "Future of electric car-sharing in cities: the Paris experience" at the *Centre culturel de Chine* in Paris on 10 December 2015, in partnership with the association Environnement France Chine and the Bolloré group; presentation of a digital frieze "1995-2020: technology as a tool for sustainable mobility", showcasing the Group's latest advances in clean technology; films about the organisations that help to reduce the Group's environmental footprint, available on YouTube; a film about recycling; a motion-design film entitled "Reducing the environmental footprint throughout the vehicle's life cycle";
- preparation of the contribution by business leaders to COP21 (the 21st session of the United Nations Climate Change Conference, which will be held in Paris at the end of 2015), under the aegis of EpE (Entreprises pour l'Environnement);
- contribution to MEDEF and AFEF proposals ahead of CSR working sessions, particularly in view of regulatory changes such as the transposition of the European Directive on the disclosure of non-financial information, and continuing efforts to identify good practices within the MEDEF working group on non-financial performance;
- chairing of permanent working groups of EpE's Climate Change Committee, which is working on ways and means to reduce greenhouse gas emissions, based on strategies in use by corporate partner members. For the third and final year, in accordance with the association's internal rules, the Group's Sustainable Development Officer chaired the EpE's Climate Change Committee. This year the work mainly focused on the organisation with the Global Compact of the first "Business and Climate Summit", held at Unesco in Paris on 20 and 21 May. The event was attended by a large number of NGOs, companies, business federations and senior political figures, with international delegates accounting for 65% of participants. As a result of the two-day summit, a formal commitment was extracted from companies to reduce GHG emissions. It was also an opportunity for EpE to unveil its publication on business climate strategies, which outlines its members' commitments on the subject. In October, EpE announced the results of a study carried out to identify 12 environmental best practices for businesses. EpE also sponsored the "COP21 Solutions" initiative, a discussion forum and presentation space open to civil society throughout COP21 at the Grand Palais in Paris. In 2015, EpE continued to act as the French representative of the World Business Council for Sustainable Development (WBCSD);
- contribution to the work of C3D (*Collège des Directeurs du Développement Durable*).

1.3.2. CSR issues, value creation and materiality matrix

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G4-21

With a crucial role in developed economies, the automotive industry represents more than 6.9% of GDP in Europe, €92 billion of trade surplus and 12.9 million direct and indirect jobs (source: European Automobile Manufacturers Association – Pocket Guide – September 2013).

It also has a significant impact on the environment throughout a vehicle's life cycle: from design, production and use through to end of life.

KEY TRENDS FOR THE AUTOMOTIVE SECTOR OVER THE NEXT FEW YEARS

Economic, sociological, regulatory, environmental, and social issues will disrupt the automotive sector and transform:

- locations: sales growth in emerging markets, rationalisation of production in countries where markets are stagnating or declining, relocation of production to growth countries;
- production processes: increasing use of standardised modules and platforms;
- products and services: downsizing and optimisation of internal combustion engines, development of new forms of energy (hydrogen, fuel cells, new biofuels, etc.), the need to optimise battery performance of electric vehicles, mobility as a service;
- the business model: the position of car manufacturers faced with equipment manufacturers that have become huge global players or with respect to platforms that collect users' geolocation data, strategic alliance between partners in different industries to build ecosystems conducive to the connected vehicle, etc.;

■ car usage:

- the autonomous car revolution (according to an international study by KPMG, fully autonomous cars could represent 10% of car sales by 2035, or 12 million vehicles a year, and a market of \$42 billion by 2025),
- total cost of ownership (TCO): a key factor for motorists when choosing a car. Apart from the costs of financing the purchase, the TCO of a vehicle is closely linked to environmental performance and quality:
 - the purchase price, which can be impacted by incentives and penalties based on the car's environmental performance,
 - the residual value, or expected resale value on the used vehicle market, which depends on the brand image and reputation of the model in terms of quality,
 - fuel economy,
 - maintenance costs, which depend on the vehicle design and the quality of its components,
 - taxes linked to vehicle CO₂ and pollutant emissions, such as congestion charges,
 - insurance costs, affected by safety and, in future, environmental performance.

PSA CHALLENGE: TO OPTIMISE THE MANAGEMENT OF ITS SIX TYPES OF CAPITAL FOR SUSTAINABLE GROWTH

Everyone in society needs to pull together and take meaningful action to address the complex challenges of lasting development effectively, and businesses cannot avoid these issues.

PSA relies on continuous dialogue with its various stakeholders (customers, suppliers, legislators, etc.) in order to build long-term

responses to the challenges faced, whether they are economic, environmental, corporate or social (see section 1.4).

To increase the positive impacts and reduce the negative impacts of its activities throughout the value chain, the Group takes specific action on each of the CSR issues that affect it.

These actions are designed to maintain or develop its environmental, relational, financial, human, industrial and intellectual capital. This is effectively a reservoir of value that, through its activities, PSA taps for the benefit of its stakeholders.

PSA'S SIX TYPES OF CAPITAL

ENVIRONMENTAL

Renewable and non-renewable environmental processes and resources: air, water, soil, minerals, biodiversity and ecosystem health.

FINANCIAL

Having the financial capacity to undertake projects and finance economic development, either in-house or from financial markets (bank loans, bond issuance, fund-raising rounds, access to investors, etc.).

RELATIONAL

Stakeholder relations; Ability to share information to improve individual and collective well-being; Intangible assets associated with the brand and reputation.

INDUSTRIAL

Manufacturing resources available for production, research and development, logistics, etc. (including the production capacity of suppliers).

INTELLECTUAL

Intangible assets such as intellectual property (patents), rights of reproduction, software and other rights and licences; Organisational capital such as tacit knowledge, systems, procedures and other protocols.

HUMAN

Employee skills, abilities, experience:

- their motivation to be innovative and adherence to governance principles, risk management methods and ethical values of the company;
- their ability to understand, develop and implement strategy;
- their loyalty and motivation to improve processes, products and services;
- their ability to lead, manage and work as a team.



1.3.2.1. DESCRIPTION OF KEY ISSUES

G4-2

G4-20

G4-21

G4-46

G4-47

G4-EC2

G4-EC7

G4-EC8

G4-EN12

A total of 28 CSR issues grouped into six categories are considered material by PSA's experts. All of these issues are described below, indicating for each whether it is internal, external or both.

Once a year, as part of the process to update the CSR Report and the CSR chapter of the Registration Document, the Group's CSR issues are reviewed and validated by the Executive Committee, before being presented to the Supervisory Board.

CSR issues in the "WORKFORCE-RELATED" category

■ Issue "RESPONSIBLE SOCIAL DIALOGUE AND THE MANAGEMENT OF JOBS AND SKILLS" – internal and external impacts

Against the backdrop of weakening European markets, which has led to excess production capacity across all industry sectors and has endangered the financial well-being of companies, international players with operations in Europe have been compelled both to restructure their historic sites in the region and strengthen their positions in fast-growing emerging markets.

The automotive industry is one of the sectors most exposed to this crisis: it must adapt to economic regionalisation (production centres located closer to markets, notably in China) and it must reinforce its financial performance by restoring its competitiveness (optimisation of production flows and the rate of use of its sites). The challenge for carmakers is therefore to accompany these changes with a responsible approach to the management of jobs and skills as well as an approach to social dialogue that will allow them to:

- attain greater flexibility in the organisation of work via the signing of agreements;
- meet the expectations of stakeholders in host countries and communities: the conversion of manufacturing sites with overcapacity and one-to-one careers guidance for employees.

■ Issue "HEALTH AND SAFETY AT WORK AND WORKING CONDITIONS" – internal impact

The manufacturing sector is, by its very nature, exposed to occupational safety risks. In addition, in a context of internationalisation and with the establishment of plants in developing countries, the media are paying very close attention to health and safety conditions in the workplace and to compliance with ILO recommendations.

For many years, the automotive industry has mobilised around health and safety risks. The latter are less critical than in other manufacturing sectors (due to the presence of a highly skilled workforce for production involving a significant technology component) and well identified (musculoskeletal disorders, chemical risks, psychosocial risks, road risks and risky behaviours). However, health and safety at work must remain a strategic concern for companies and must continue to be the focus of careful attention supported at the highest management level.

Good management of health and safety risks contributes to the reputation of companies, their capacity to attract talent, the effective functioning of their business processes and thus their financial performance.

■ Issue "ATTRACTING, DEVELOPING AND RETAINING TALENT" – internal and external impacts

With heightened competition in the automotive industry, carmakers need personnel with increasingly specialised skills to

maintain their capacity for innovation, their operational capacity and their R&D performance. Furthermore, the successive restructuring efforts necessitated by the financial crisis entail the loss of industry-specific skills.

Attracting, developing and retaining skilled employees is therefore an issue with a substantial impact on Company performance. Companies must put in place systems to match jobs with skills that also nurture and develop talent, boost employee motivation and commitment, and preserve know-how.

■ Issue "DIVERSITY AND EQUAL OPPORTUNITY" – internal impact

As a traditionally male-dominated industry, automobile manufacturing faces issues relating to diversity amid changing regulatory contexts in many countries.

In addition, the deferral of retirement ages throughout Europe is prompting companies in the sector to focus attention on the needs of older employees.

The challenge for companies is therefore to fight against all forms of discrimination (seniors, the disabled, cultural diversity, etc.) in line with internationally recognised human rights standards. Ensuring diverse teams and guaranteeing equal opportunity are key drivers, both to attract talent and to better understand the expectations of customers.

■ Issue: "RESPECT FOR HUMAN RIGHTS AND FOR THE FREEDOM OF THE RIGHT TO ORGANISE" – internal and external impacts

As part of their international development, companies in the automotive industry are confronted with the issue of human rights and working conditions in countries where the social protection of employees is a relatively recent tradition.

This issue features prominently in the Company's dialogue with its stakeholders, because freedom of association is a human right defined by international declarations and agreements.

CSR issues in the "SUSTAINABLE MOBILITY" category

■ Issue "CO₂ EMISSIONS FROM VEHICLES/FUEL CONSUMPTION" – internal and external impacts

According to a study by the IPCC published in 2014, transport accounted for 14.1% of global greenhouse gas emissions in 2010. While it is only the fourth largest contributor (energy sector: 25%; agriculture: 23%), the automotive industry faces numerous regulatory pressures and consumer demands for lower CO₂ emissions and fuel consumption (EU target of 95 g/km of CO₂ by 2021, or 5 l/100 km by 2020 in China). The survival of automotive brands thus depends on their ability to comply with increasingly stringent regulations and to meet the expectations of consumers.

■ Issue "AIR QUALITY" – internal and external impacts

The harmful effects of atmospheric pollutants on climate, ecosystems, natural habitats and agriculture as well as human and animal health are a major public concern. Given the frequent media coverage, they represent an important reputational issue for companies. Deteriorating air quality and public health concerns have resulted in the introduction of local and international regulations to control atmospheric emissions, such as the Ambient Air Quality and Cleaner Air for Europe Directive (2008/50/EC) of 21 April 2008 and the "Euro X" standards limiting vehicle emissions of regulated pollutants. In some countries,

there are also specific traffic areas that exclude vehicles with the highest emissions. Vehicles may only be marketed if compliance with regulations is ensured, thus necessitating substantial R&D investments by carmakers with a direct impact on their financial performance.

■ Issue “VEHICLE QUALITY AND SAFETY” – internal and external impacts

All customers expect products and services to fulfil their needs without endangering their health or safety. Not only is this responsibility the subject of laws and regulations (particularly in emerging countries as exemplified by the enactment in October 2012 by the State Council in China of the Administrative Regulation on the Recall of Defective Automobiles, with penalties if carmakers do not comply with certain recall procedures), but it is also addressed by voluntary codes of practice, such as the OECD Guidelines for Multinational Enterprises. Safety is one of the most important criteria influencing consumer choice. This issue will come under the spotlight with the arrival of autonomous cars on the roads, when drivers will no longer be required to control the car at all times, although they must be prepared to retake control if instructed by the vehicle. The vehicle navigates using on-board sensors, e.g. laser scanners, radars, cameras and a geolocation system based on GPS and enhanced mapping.

The challenge for carmakers is to continually improve vehicle safety without any impact on selling prices.

■ Issue: “TECHNOLOGY AND INNOVATION” – internal and external impacts

The automotive industry is among the sectors facing considerable pressure to reduce impacts on the environment and health. All markets are seeing increasingly stringent regulations. Carmakers are always expected to offer robust solutions, each more impressive in performance than the last. However, far from being merely a tool used to meet regulatory requirements, innovation is also the key to product differentiation and winning customers. In an environment faced with heightened competition, the medium- and long-term financial performance of carmakers rests on their capacity for innovation.

■ Issue “CUSTOMER SATISFACTION” – internal impact

Customer satisfaction is the ultimate determinant of any company's longevity and success. This is why companies work every day to ensure and develop consumer satisfaction and loyalty, which rests on:

- the quality of products and services offered, which is the basis of consumer satisfaction, a value-added attribute and pricing rationale;
- the quality of individual relations with consumers, whether with respect to messages communicated, loyalty building, responses to their questions or handling of disputes;
- the quality of dialogue with stakeholders, first and foremost consumer organisations, but also French and European institutions, the media, etc.

In an industry still contending with the effects of the economic crisis, attentiveness to customers, anticipating their needs and the proper management of claims received are all sources of value for companies. This issue thus affects all aspects of the business, from upstream phases (product design) to service quality at the moment of sale (dealerships) and during after-sales activities.

■ Issue “ENVIRONMENTAL IMPACT OF MATERIALS AND END-OF-LIFE VEHICLES” – internal and external impacts

The impact of the automobile on the environment also occurs via the use of the natural resources of which it is composed, and the issue of its recycling at the end of its life, i.e., the recycling of scrapped vehicles.

To exercise their societal responsibility, to reduce their risk of dependency and to control production costs, car manufacturers must find solutions for:

- using fewer natural resources, which are growing more expensive as they become increasingly scarce;
- eliminating hazardous substances targeted by regulations (REACH, limitation of volatile organic compounds, elimination of some fluorinated compounds in air-conditioning systems, etc.);
- using materials that are compatible with the circular economy, focusing on two areas: the need to recycle end of life vehicles and recover rare materials.

This issue is now of crucial importance, with spectacular progress being made in this area, opening the way to greater use of renewable and recycled materials.

Focus on rare earths:

Nanotechnology materials are more sought-after than ever and are essential for the growth in connected objects. The car is not immune to this trend. However, these materials depend on the availability of the metals that compose them. Some of these metals are becoming increasingly difficult to mine: the metal content of the ore is decreasing, while mines that are in operation today are less concentrated than those that have shut down. The rising costs of these metals mean that they must be used in minute quantities, with implications for their subsequent recovery during the recycling phase.

■ Issue “MOBILITY SERVICE OFFERINGS” – internal and external impacts

There is a change in consumer behaviour from a need for ownership to a need for usage. Automobiles are not spared by this general trend and are tending to be perceived less as capital goods than as mobility objects, especially by younger generations. Analysts therefore foresee a market of 300,000 vehicles for professional car sharing fleets by 2018, with 15 million car-sharing solution users in 2020 in Europe. Carmakers need to adapt their business models to these new mobility patterns. The emerging risk for car manufacturers in this new market is to see their customers' mobility data collected by data hosting companies and service providers.

CSR issues in the “PROCUREMENT/SUPPLY CHAIN” category

■ Issue “SUPPLIER RELATIONS AND PROCUREMENT PRACTICES” – internal and external impacts

In the automotive industry, the supply of materials and components accounts for more than 70% of a vehicle's production cost. Any default by a supplier exposes car manufacturers to the major risk of a production shutdown. It is therefore essential for the financial performance of manufacturers to forge strong relationships with all actors in their supply chain. This supply chain is heterogeneous: it consists of international groups, tier-1 suppliers (whose economic importance is often greater than the manufacturers') and SMEs, which are often tier-2 suppliers.

The challenge for carmakers is therefore to build partnerships with their tier-1 suppliers under conditions that are beneficial to both parties and on the basis of realistic volume forecasts, thus reducing mutual dependency risks while contributing to economic development in host countries and their local SMEs.

In addition, the automotive industry plays a primordial role in the economy (more than 18,000 companies, more than 2 million people employed and one-third of all manufacturing business in the EU-27). Moreover, as underscored in the European Commission Report “Responding to the crisis in the European automotive industry”, due to worsening market conditions affected by the crisis that began in 2008, between 15% and 20% of jobs in the automotive industry are threatened in Europe.

■ Issue “SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING” – internal and external impacts

Controlling the social, environmental and ethical impacts within the supply chain is a key issue for international corporations, particularly in emerging countries. Effectively, they must ensure that social and environmental standards defined by supranational bodies (International Labour Organisation, United Nations Global Compact, ISO 14001, REACH, US regulations on conflict minerals, human rights, ethical principles, etc.) are known and complied with.

Failure to comply with social and environmental standards in the supply chain:

- could result in significant negative impacts on the environment (pollution of the air, water or soil, destruction of biodiversity, topographic risks, etc.), on employment (health and safety of employees, economic impact on host countries, etc.), on human rights (non-compliance with ILO rules, etc.) and on society in general (public health and safety, disruption to local residents, violation of the rights of indigenous peoples, failure to protect customers' personal data, non-payment of taxes, etc.);
- exposes the financial performance of carmakers and automotive equipment suppliers to three main risks:
 - remediation costs,
 - serious threats to their reputation with a potential adverse effect on earnings,
 - costs of inadequate quality and possible supply interruptions (labour-management problems at suppliers, administrative closure of suppliers' production sites, etc.).

Consequently, carmakers must put in place all necessary preventive measures proportionate to the risks involved.

■ Issue “ENVIRONMENTAL OPTIMISATION OF TRANSPORT AND LOGISTICS” – internal and external impacts

The environmental impact of transport is far-reaching, from localised pollution (sound, air pollution, etc.) to global warming. For some organisations, environmental impacts relating to logistics can constitute a core portion of their ecological footprint. The evaluation of impacts tied to the transport of products, goods and materials as well as those related to travel by personnel is part of the overall approach to strategy planning for environmental management.

The challenge for carmakers is to optimise logistics systems as well as the loads and volumes transported so as to reduce not only their cost and their environmental impact, but also upstream and downstream delivery times, a key factor in customer satisfaction.

CSR issues in the “INDUSTRIAL ECOLOGY” category

■ Issue “ENERGY/INDUSTRY’S CARBON FOOTPRINT” – internal and external impacts

Greenhouse gas emissions are the main cause of climate change and are governed by the United Nations Framework Convention on Climate Change and the Kyoto Protocol. It is for this reason

that, at the national and international levels, various regulations and incentive mechanisms (such as negotiable emission rights) aim to control the volume of these emissions and reward reductions. The challenge for industry is twofold: to reduce energy consumption by changing their processes and using low-emissions energy sources while protecting or improving their financial performance.

■ Issue “INDUSTRIAL POLLUTION” – internal and external impacts

Industrial activities discharge pollutants with adverse effects on air quality, natural habitats and quality of life for local residents. In particular, sulphur oxides (SO_x) and nitrogen oxides (NO_x), as well as volatile organic compounds (VOCs), are known to cause acidification (formation of acid rain), eutrophication (disruption in ecological balance due to an excess of nitrogen) and photochemical smog (formation of oxidising agents, such as ozone). In addition, production activities can result in soil pollution, chemical risks or industrial accidents, which means that adequate control measures must be in place. Furthermore, manufacturers are expected to pursue initiatives to reduce disturbances for local communities such as noise pollution.

As local and international regulations are phased in, manufacturers must adapt to new standards, which means investing in production plant.

■ Issue “MATERIAL CYCLES AND WASTE MANAGEMENT” – internal and external impacts

Material purchases account for a significant portion of a vehicle's production cost. In addition, regulations relating to waste management are becoming more stringent in many countries where the Group has operations. The rationalisation of materials consumption, the decrease in the volume of waste per vehicle and the optimal recycling of this waste guarantee economic efficiency and ecological performance in line with the principles of the circular economy.

■ Issue “WATER” – internal and external impacts

In regions where water is scarce, uncontrolled water consumption is likely to have major consequences: damage to the environment by reducing the amount of water available, interference with ecosystems, implications for stakeholder relations (including social and economic impacts).

Furthermore, the quantity and quality of water discharged by the organisation directly influences its ecological impact (effluent discharge containing a significant chemical load) and its immediate operating costs.

■ Issue “BIODIVERSITY” – internal and external impacts

The erosion of biodiversity at a rate 100 to 1,000 times higher than the natural rate is a major social concern. Although not all companies – particularly in the automotive sector – are dependent on biodiversity for their operating activities or responsible for the worst impacts, they must work towards preserving the balance of ecosystems. This translates as the need to be especially vigilant on sites situated within protected areas or at other biodiversity-rich locations. It could even mean taking proactive measures, as PSA does with its carbon sinks in the Amazon.

CSR issues in the “ETHICS, GOVERNANCE AND ECONOMIC SUSTAINABILITY” category

■ Issue “ETHICS IN BUSINESS RELATIONS” – internal and external impacts

In increasingly challenging market conditions, compliance with ethical standards is the only way to guarantee a level playing field. While they are not the worst affected, car manufacturers must make sure that their activities, particularly in countries categorised as “high risk” by specialised NGOs, do not expose them to regulatory infringements. Faced with ethical or corruption risks, convictions resulting from non-compliance may not only lead to significant fines, but may also have a lasting impact on the Group’s presence in one or more markets. The scope of application of some national laws, particularly those of the United States, Canada and the United Kingdom, extends beyond national borders.

■ Issue “DISTRIBUTION OF ADDED VALUE” – internal and external impacts

Public opinion is increasingly sceptical about the methods used by multinational companies to redistribute the wealth they generate, their suspicions exacerbated by debates in society on salary disparities and controversies surrounding the remuneration of executives.

In addition, various stakeholders (government officials, public opinion) are demanding full transparency in fiscal matters: the European Commission has already imposed country-by-country reporting obligations on banks operating in the European Union, including disclosures of all taxes paid and subsidies received. This directive will be extended to all sectors after 2017.

Core industrial firms like PSA must therefore begin focusing efforts not only to be able to eventually meet these expectations but also to demonstrate their contributions to economic development in the countries where they operate.

■ Issue “TRANSPARENCY AND INTEGRITY OF INFLUENCE PRACTICES” – internal and external impacts

All stakeholders – shareholders, government authorities, opinion makers – expect companies to ensure consistency between their commitments and stated policies with respect to environmental, social, economic and other issues, and the positions they defend in the context of their strategy of influence. This consistency is an advantage to consolidate the reputations of companies like PSA in the area of Corporate Social Responsibility.

CSR issues in the “SOCIETY” category

■ Issue “INVOLVEMENT IN HOST COMMUNITIES” – internal and external impacts

Due to the scope and breadth of their operations, automobile production sites have a considerable economic and social impact on their host communities. They create jobs and drive growth at the grass-roots level.

They adapt to or influence socioeconomic changes, both in emerging countries, by attracting small businesses, and in countries with mature economies, where they play a key role in the revitalisation of host communities following restructuring plans, for example.

For carmakers, this broad-based involvement is key to their acceptance by host communities as well as their reputation among customers and government authorities.

It is important to evaluate these indirect factors and monitor the overall impact on local communities and regional economies.

■ Issue “SOCIALLY RESPONSIBLE MOBILITY” – internal and external impacts

Individual mobility as a fundamental right is often impeded by difficulties relating to social or economic isolation or exclusion. Mobility players, including carmakers, are in the best position to address this issue, working to improve access to mobility for the most vulnerable populations.

■ Issue “MANAGEMENT OF CUSTOMERS’ PERSONAL DATA” – internal and external impacts

Given today’s ever-expanding connectivity, the growing popularity of social networks and the exponential rise in online shopping, Internet users who are not well versed in the legal issues surrounding the confidentiality of information are showing signs of increasing wariness.

Automotive industry customers are not immune to this fear: the challenge for carmakers is thus to give clear indications that all personal data shared with them by their customers will be kept confidential, in the interest of maintaining a relationship founded on trust.

This document refers to customers’ personal data, a term that includes both data belonging to existing and potential customers, and to the users of our products and services.

■ Issue “RESPONSIBLE MARKETING” – internal and external impacts

At a time when consumer and government authorities are particularly sensitive to advertising campaigns that speak to sustainability issues, the automotive industry’s messages are increasingly scrutinised.

In the first place, carmakers must therefore demonstrate their ability to fulfil their legal obligations with respect to their communications and marketing efforts. But it is also important for them to ensure that their messages achieve the desired aims without overstating their case, thus exposing themselves to the risk of controversy (“greenwashing”). Furthermore, companies in the sector have a duty to encourage responsible behaviour and ensure that their practices are exemplary.

■ Issue “SPONSORSHIP AND PHILANTHROPY” – internal and external impacts

Public opinion is increasingly mobilised around the plight of vulnerable populations and businesses are expected to help limit all forms of exclusion, in areas such as employment, education (including in the area of road safety), health, humanitarian emergencies, or culture and leisure activities.

Stakeholder expectations tend to increase along with the size of the companies involved and the burden is therefore relatively high for carmakers.

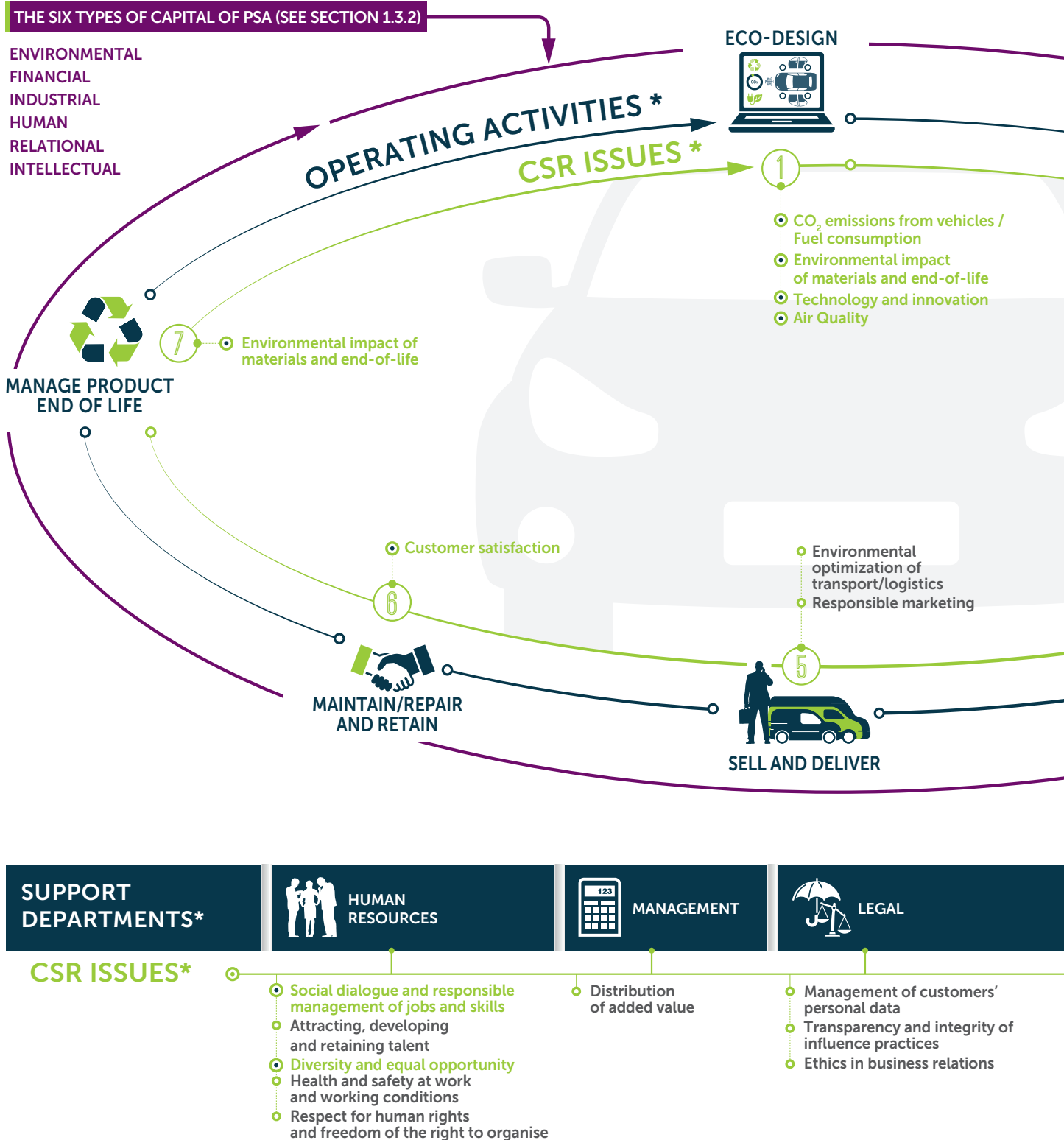
PSA integrates each and every one of these issues within its value chain and its materiality matrix.

For each issue, the Group adopts measures proportionate to its position in the materiality matrix. These measures are described in the various chapters of this CSR Report.

1.3.2.2. CSR AND VALUE CREATION AT PSA

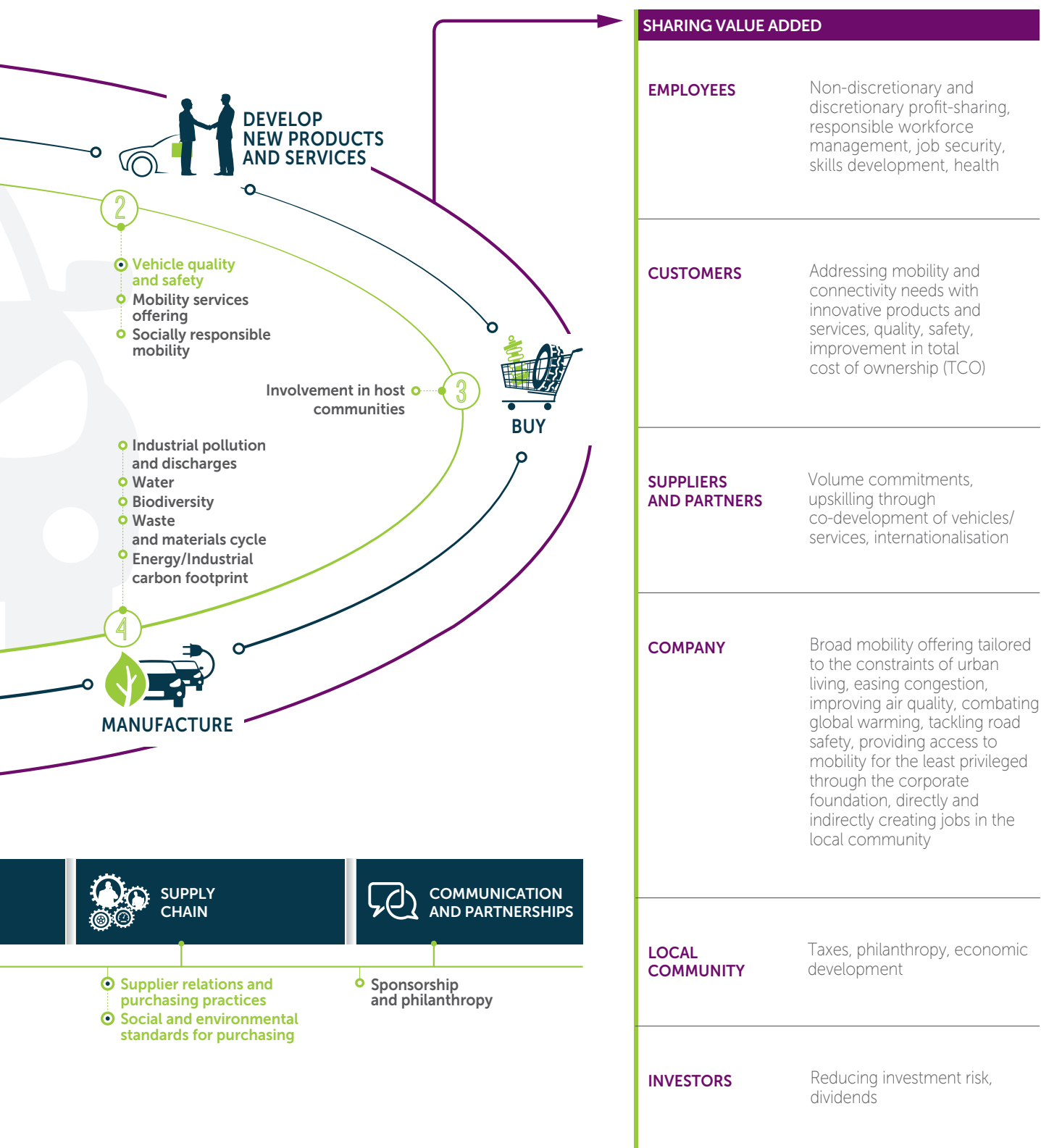
The Group's value chain, presented below, embraces a holistic, material and transparent approach to its growth model. The Group's CSR issues are an integral part of this process.

The Group's growth model can also be seen through "economic insights" relating to strategic CSR issues. These strategic elements are included in the relevant sections of this report.



Most strategic CSR issues (see materiality matrix in section 1.3.2.3).

* CSR issues, operating activities and support functions specific to PSA.



A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.3. CSR organisation, strategy and policy

1.3.2.3. PSA MATERIALITY MATRIX

G4-2

G4-23

G4-45

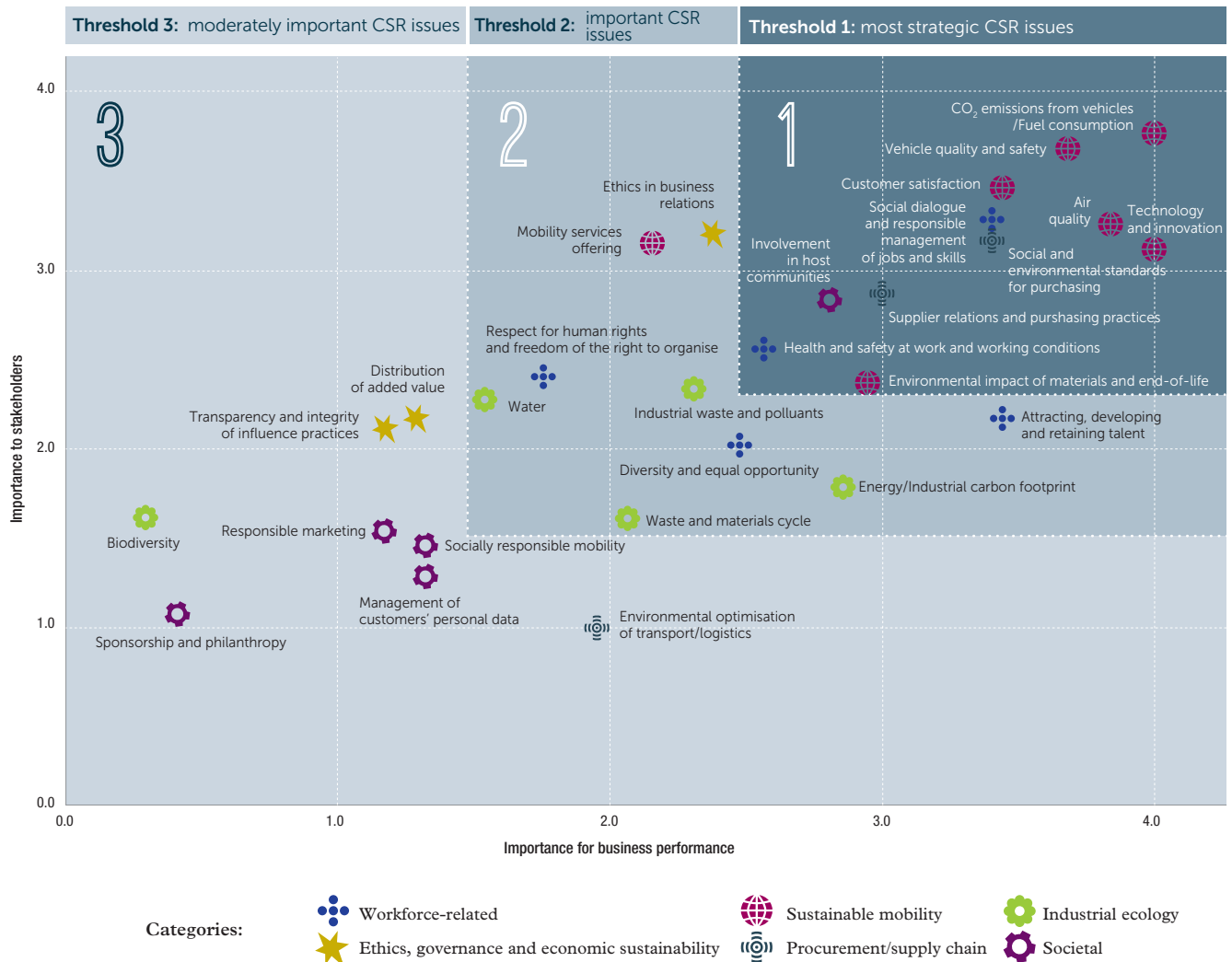
G4-46

G4-48

G4-EC2

PSA has carried out a materiality analysis to put in perspective the Group's strategic CSR issues. For this mapping of its CSR issues, the Group followed the guidelines of the Global Reporting Initiative (GRI).

According to the GRI, material issues "are those that reflect the organisation's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders."



Method used to prepare and update the Group's materiality matrix G4-23

To prepare its materiality matrix, PSA bases its work on a methodology allowing for the verification of the CSR issues the Group must address.

In the initial phase, the list of important CSR issues is drawn up, supplemented by financial elements and then cross-referenced with expectations expressed by stakeholders, provided by the Group's network of CSR contributors, representing all of its business activities. This list of CSR issues is confirmed by a review of issues reported by industry peers, as well as an analysis of worldwide CSR reference frameworks (including the GRI) and a review of information in the

media. Each issue is therefore characterised by its context, the risks and opportunities involved for the Group, and PSA's current initiatives to address the issue.

The issues thus defined are grouped into six categories:

- issues relating to the workforce,
- issues concerning ethics, governance and economic sustainability,
- issues raised by sustainable mobility,
- issues concerning purchasing and supply chain,
- issues relating to industrial ecology,
- issues in society.

In the second phase, all these issues are scored so that they can be positioned on the materiality matrix. A specific working group is formed for each issue category mentioned above, bringing together the CSR correspondent for the area concerned (serving as the working group's coordinator) and experts from operating entities in the subjects to be discussed. Each working group is co-chaired by the Group's Sustainable Development Delegation and its coordinator. These groups use a shared methodology to score the issues in order to guarantee a consistent result. Each issue is evaluated from two perspectives: its importance for the Group's business performance and its importance to stakeholders.

■ Method used to score the importance of each CSR issue for PSA's business performance

In analysing the importance of each issue for business performance, the working groups take into account the competitive environment and regulatory factors, as well as prevailing practices and standards.

The following factors are used to weight the score:

- **likelihood of the impact** (on a scale of 0 to 4);
- **severity of the impact** (on a scale of 0 to 4);
- **impact on long-term performance** (on a scale of 0 to 2).

■ Method used to score each issue's importance to PSA's stakeholders

Fourteen PSA stakeholder categories were identified as significant for Group: employees, certification bodies and research partners, shareholders and investors, financial and ESG analysts, suppliers, retail and corporate customers, distribution and after-sales service networks, consumer organisations, communities (residents living near sites, local associations, local authorities), social partners, elected officials/government authorities, print, broadcast and digital media, partners in cooperation projects and joint ventures, non-governmental organisations.

The following factors are used to weight the score:

- **evaluation** of the legitimacy and level of influence of stakeholders by issue category (on a scale of 0 to 3);
- **weighting of issues** by stakeholder according to its importance to each stakeholder (on a scale of 0 to 4).

■ Classification of issues

Upon completion of this scoring process, the issues are positioned on the materiality matrix. The working group coordinators then meet to define three thresholds, thus distinguishing the most important, strategic issues from those that remain important but are less strategic and those that are only moderately important.

The last step in the methodology consists in the validation of the materiality matrix of CSR issues by the Executive Committee.

1.3.3. Risks and opportunities in all areas of CSR as they relate to future financial performance and long-term prospects G4-14

Section 1.3.2.3 above explains how the CSR issues identified as material by the Group are evaluated, particularly according to their long-term impact on the Group's performance.

For confidentiality reasons, the estimated amount of these impacts (in euros) is replaced in the CSR Report by a scale of 1 to 4. However, "economic insights" inserted in the various chapters of this report provide examples of risks and opportunities linked to strategic CSR issues, rated for their economic impact.

The mechanism set up by the Group to manage risks is described below. CSR risks are part of this mechanism. In general, all Group risks and associated control procedures are described in section 1.5 of the Group's Registration Document.

1.3.3.1. INTERNAL CONTROL PROCEDURES

Internal control objectives

As part of its commitment to prevent and limit the effect of internal and external risks, including CSR risks, PSA has put in place risk management and internal control systems to provide reasonable assurance concerning the achievement of the following objectives:

- compliance with laws and regulations;
- application of the Managing Board's instructions and guidelines;
- efficient internal processes, particularly those that help to safeguard the assets of Group companies;
- the reliability of financial and non-financial disclosures.

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.

However, internal control cannot provide an absolute guarantee that the Company's objectives will be achieved.

Reference framework used by PSA

The Group's risk management and internal control system complies with and functions according to the rules of the eighth directive on Statutory Audits, the *Autorité des Marchés Financiers* (AMF)'s Reference Framework for Risk Management and Internal Control Systems issued in January 2007, and the report of the working group on Audit Committees published by the AMF on 22 July 2010. The Group's banking arm uses a specialised system for credit institutions that complies with Regulation 97-02 of the French Banking and Financial Regulations Committee concerning internal control in credit institutions.

Internal control principles

PSA's internal control procedures were designed with the following goals in mind:

- take into account the Group's ambitions;
- involve all of the Group's companies in the process, manage risks and ensure internal control compliance in all of their operations;
- comply with rules and regulations, set an example in terms of behaviour and ethics;
- manage, within each operating unit or Group department, all the risks inherent in its activities through internal control processes geared to its specific issues;
- identify and deal with major risks ("Top Risks") to which the Group is exposed and perform reporting up to Executive Committee level;
- make the system auditable based on quality indicators.

Participants and processes

There is an overall set of processes that contribute to the effective management of PSA's risks.

- The Group's Organisation and Operating Procedures are decided by the Executive Committee, and defined in Reference Documents forming a Working Framework that each Person follows.

They include the Organisation Handbook and the Operating Procedures Handbook (hereinafter the "Operating Procedure") which describe the responsibilities, procedures to be followed and, more generally, the rules to be applied by everyone.

In addition, each division has a reference manual which describes its own operating procedures. These documents are available on the Group's intranet.

- The Risk Management System is deployed Group-wide.

Each department is responsible, in accordance with the corresponding Operating Procedure, for identifying and checking the risks to which it is exposed and implementing the necessary action plans to deal with those risks.

- The Audit and Risk Management Department oversees the management of risks across the Group and verifies that risk management procedures are being applied correctly.

The principal risks in each department (those with the highest impact and the most critical (impact x probability) are reported each half year in a "Top Management Risks" Report. This is sent to the General Counsel via its Audit and Risk Management Department.

In addition, once a year this department identifies the Group's main crossover risks at interviews held with a representative range of the Group's senior executives and managers.

The mapping of major risks ("Top Group Risks", mainly derived from the "Top Management Risks" and the aforementioned interviews) is reviewed each year by the Executive Committee and presented to the Supervisory Board's Finance and Audit Committee. The Executive Committee validates the action plans for dealing with the "Top Group Risks".

- Specific risk management and control procedures cover particular risks.
- Risks associated with product quality are managed using specific procedures described in Chapter 2 of this report. **The precautionary principle** is applied, in particular, at the design phase by way of life cycle assessments or compliance tests for vehicle projects (transitioning between project milestones), at the production phase by way of quality controls and, once the vehicles have been released to the market, by way of preventive product recall campaigns.

The Group's Code of Ethics was updated in 2015. It is directly available to all Group employees via the intranet. All Group employees 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 anti-fraud system was tightened in 2015. It is placed under the responsibility of the Group's Ethics Committee, which has tasked the Group's Security Department with managing it, 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 risks arising from malicious acts of all kinds.

The Group Legal Affairs Department, which reports to the General Counsel, produces or checks the Group's contractual commitments and ensures they comply with the relevant statutory and regulatory provisions. It is also in charge of organising the Group's defence in the event of disputes with third parties. It thus helps limit and manage the legal risks to which the Group is exposed.

The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's financial performance and proposes annual and medium-term targets for growth, operating margin and return on capital employed to Executive Management. It manages the process of preparing the medium-term plan and the budget framework. It controls the results of the operating departments and the Group's projects, and produces summary reports. It also carries out other finance-related tasks, particularly for the automotive business, such as product costings and price provision, selling price control, checking project profitability, financial monitoring of industrial cooperation with other carmakers, negotiations for mergers, acquisitions and disposals, etc., and drawing up formal management rules and standards.

- The Audit and Risk Management Department checks that the risk management procedures are correctly applied.

The Audit and Risk Management Department checks through audit assignments that all of the Operating rules are being adhered to. The annual audit plan, which is defined independently, is based on the "Top Group Risks" and is subsequently submitted to Executive Management 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 maturity level of risk management procedures and making recommendations, if necessary, for improving their effectiveness. A total of 97 audits were carried out in 2015 across the entire Group.

- The Supervisory Board has a 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 General Counsel on the procedures in place, their maturity level and the mapping of "Top Risks", with particular emphasis on risks which could have an impact on financial and accounting information.

The Supervisory 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 audits performed as part of the plan and (ii) the follow-up audits to check that teams have implemented the recommendations.

BANQUE PSA FINANCE

In line with CRBF Regulation No. 97-02, relating to the internal control procedures of financial institutions, BANQUE PSA FINANCE has put in place an internal control system organised around two lines of responsibility for recurring controls and periodic controls, in conjunction with the first-tier controls performed by the operating units.

BANQUE PSA FINANCE (BPF) has established a charter setting out the fundamental principles on which the organisation and operation of its internal control system is based. The Bank's Internal Control Charter defines the organisation, resources, scope and tasks. It also sets out the way in which the Bank's control system functions.

1.3.3.2. CSR RISK MANAGEMENT

Given its determination to take account of Corporate Social Responsibility in all its decisions and activities, the Group takes the same approach to managing CSR risks as it does for its other risks.

The Group has therefore adopted a risk management approach focusing on "Top Risks", which aims to identify, evaluate and address the most material risks that the Group is exposed to (for details of this approach, see sections 1.5 and 3.2.2 of the Registration Document). This approach fully covers the major CSR risks, such as emissions risks, supplier risks, industrial risks, environmental risks and workplace health and safety risks. As a complement to this approach, the identification, evaluation and handling of less material risks are assumed by the operating entities within the Group's various

divisions, both in France and abroad, either using the division's own risk management procedures, the crisis management process, the internal control procedures or any other ad hoc operational process.

It is important to note that the CSR risk assessment was used to construct the materiality matrix of Group issues, found in section 1.3.2.3. of this CSR Report. The CSR risks are identified in each category. For example, ethical risks and the associated risk management procedures are described in section 6.1.2, purchasing risks in section 4, and so on. A risk overview can be found in section 1.5 of the Registration Document.

Like other aspects, the CSR categories are subject to internal control and are specifically included in the Group's Internal Audit plan.

1.3.4. CSR policy: commitments, objectives, action plans and key indicators

1.3.4.1. THE GROUP'S CSR POLICY G.20

For PSA, lasting development and financial performance depends on responsible and **transparent** business conduct. The Group has defined its Corporate Social Responsibility programme based on this principle, in line with the UN Global Compact which it joined in 2003. Following **an ongoing dialogue with its stakeholders** and enshrined in **public** commitments, this CSR policy informs the Group's response to strategic issues. It is based on three pillars: sustainable mobility, the economic development of host regions and the implementation of innovative, thoughtful social practices focused on the individual.

Sustainable mobility

As a technology pioneer, the Group harnesses its **innovation** to reduce the environmental impacts of transport. Its core strategy is to introduce the most efficient technology **on as many vehicles as possible**, spearheading the fight against pollution and climate change.

- From the design and manufacturing stages, PSA is committed to **optimising the use of resources** by incorporating green or recycled materials into its vehicles to make them recyclable, and reducing **the environmental footprint of its production sites and dealership networks** in terms of energy, water and waste;
- Vehicle use represents the bulk of emissions. Therefore, the Group:
 - extensively equips its ranges with efficient, **low-carbon** clean tech to preserve **air quality**, and sells best-in-class combustion vehicles alongside its hybrid and electric cars;
 - provides **services** for shared **mobility** and transport to the final destination (thereby addressing the "last mile" problem), in response to changes in customer behaviour and expectations;
 - offers **connected** services that encourage **eco-driving**;
 - through dialogue with civil society, is inventing the transport of the future by incorporating digital into vehicle DNA and installing driver assistance systems to improve safety and traffic flow, with the aim of bringing the **autonomous car** within reach of as many people as possible.

Economic development of host regions

The Group's activities have a considerable economic and social impact on their host communities. PSA is mindful of the responsibility this entails. As such,

- it selects **suppliers** that are as close to its production sites as possible and that meet its strict **social and environmental standards**. By acting responsibly to increase the percentage of local purchases, the Group is demonstrating that its operations contribute towards the **sustainable economic development of its host regions and countries**;
- It supports the least privileged members of society through its corporate foundation, which funds mobility-based inclusion and access to education. It is a testament to the Group's **commitment to serving its host communities**.

Implementation of innovative, thoughtful social practices

Throughout its long history, PSA has relied on the people who have enabled it to push the envelope and grow as a company. No matter where it is, the Group has always emphasised social dialogue as a means of defining innovative solutions to **build trust and commitment**. To drive the changes needed to secure its future and to guide employees through this transformation, since 2010 it has relied on a frame of reference: the Global Framework Agreement on Social Responsibility.

At each of its sites, PSA applies the principles of this agreement, which inform its response to workforce-related issues. The Group:

- relies on its **culture of social dialogue** to share its strategy and secure the careers of employees by negotiated arrangements and local support;
- affirms that **occupational health and safety are a priority**;
- confirms the need for **talent development**;
- guarantees **equal opportunities** by showing consideration for each individual;
- extends to its suppliers and partners its commitment to uphold **fundamental human rights**;
- requires each employee to abide by its **Code of Ethics**, which defines the rules of professional conduct.

A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.3. CSR organisation, strategy and policy

PSA regards its CSR policy as a collective and individual endeavour, ensuring that the principles of Corporate Social Responsibility are factored into each business decision.

1.3.4.2. SCOREBOARD: CSR COMMITMENTS, OBJECTIVES AND KEY INDICATORS

PSA's CSR programme reflects the Group's active commitment to appreciate and address each of the issues identified. This mission is fully in keeping with the Group's ambition to guarantee responsible development.

For each issue, the Group undertakes a commitment and sets a target so as to lay out a specific path towards its goal, while monitoring its progress: the level of achievement against each target is published in the Group's annual CSR Report. The Group's commitments are defined jointly by the Sustainable Development Delegation and the departments concerned.







Commitments in respect of strategic CSR issues are shown in the table below. These commitments are monitored by the Group's Executive Committee.







The remaining CSR commitments are discussed in each of the chapters of this report. CSR actions with respect to these commitments are coordinated by the departments or operating units responsible for their implementation.

The 28 CSR commitments cover all aspects of the Group's Corporate Social Responsibility: management of human resources, social dialogue, workplace equality and diversity, ethics, manufacturing environment, product-related environmental impacts, procurement policy, sponsorship, etc.

These commitments are the concrete results of the Group's CSR approach and constitute its roadmap in these areas.







SCOREBOARD OF THE GROUP'S COMMITMENTS TO STRATEGIC CSR ISSUES AND 2015-2025 ROADMAP







 STRATEGIC CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
CO₂ EMISSIONS FROM VEHICLES AND FUEL CONSUMPTION Organiser: Executive Vice-President, Programmes	Commitment 1: 30% reduction in the average emission level of vehicles sold worldwide by the Group between 2012 and 2025.	Reduce average CO ₂ emissions of vehicles sold worldwide by 30% compared with 2012 levels, to be achieved by: <ul style="list-style-type: none"> - a range of high-performance engines and lighter vehicle platforms, helping to make the Group European leader in this area; - a plug-in hybrid petrol-electric powertrain featured in the majority of models sold worldwide; - a new range of electric vehicles. 	<ul style="list-style-type: none"> - Deployment of models: 108/C1 in Europe; Citroën C4 Cactus and Peugeot 308 in China. - Deployment of powertrains: BlueHDi in Europe; EB Turbo PureTech and AT6 III gearbox in Europe and in China. - Launch of a project to develop a plug-in hybrid petrol-electric powertrain (PHEV) for models sold in Europe and China after 2018. 	Target met: <ul style="list-style-type: none"> - Models and powertrains actually deployed. - Development under way of a full-hybrid powertrain (PHEV). - The point at which it intersects with average global emissions is ahead of the 2025 roadmap. 	<ul style="list-style-type: none"> - Publication of real-world consumption figures in partnership with the NGO Transport & Environnement. - Continued deployment of the EMP2 platform and downsizing of petrol engines (three-cylinder engine), in Europe and China.
AIR QUALITY Organiser: Executive Vice-President, Research & Development	Commitment 2: Significantly reduce nitrous oxide emissions of new diesel vehicles and particulate emissions of new direct-injection petrol-powered vehicles.	<ul style="list-style-type: none"> - Reduce nitrous oxide emissions of new diesel vehicles by 80% compared with the Group's Euro 5 vehicles, mainly based on the deployment and optimisation of PSA's Selective Catalytic Reduction (SCR) technology. - Fit all new direct-injection petrol-powered vehicles with particulate filters. 	<ul style="list-style-type: none"> - Measurement of NO_x emissions of the fleet of new diesel vehicles, defined in 2014 using an onboard system (PEMS: Portable Emission Measurement System). This measurement campaign in 2015 will provide the benchmark data. - Construction of the indicator for monitoring progress against the target (basis of 100). 	Target met: PEMS (Portable Emission Measurement System) measurement protocol defined according to the RDE (Real Driving Emissions) procedure. Measures NO _x emissions of six Euro 5 diesel vehicles to establish the baseline scenario.	<ul style="list-style-type: none"> - Identification of Euro 6 diesel vehicles to be evaluated (representative of sales). - Evaluation of the NO_x emissions of these Euro 6 diesel vehicles according to the RDE procedure.

 STRATEGIC CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
ENVIRONMENTAL IMPACT OF MATERIALS Organiser: Head of Research and Development	Commitment 3: Sell vehicles made with at least 30% green materials (recycled, natural or bio-sourced).	Demonstrate the Group's commitment to the circular economy by guaranteeing a minimum rate of integration of recycled and natural materials of 30% for the Group's average vehicle.	Achievement in 2015 of the targeted 30% of overall vehicle mass made with recycled and natural materials for the Group's average vehicle sold in Europe. Action plan: <ul style="list-style-type: none"> - Consolidate the average vehicle indicator for the Group. - Redefine procedures and objectives for vehicle projects. - Evaluate the impacts of the various marketing regions on the Group indicator and define the related procedures. 	<u>Target met:</u> <ul style="list-style-type: none"> - Definition of an average Group vehicle (Europe) representative of vehicle sales. - Achievement of the target of 30% on this average Group vehicle. - Action plan deployed on vehicle projects with a target integration rate for any new European project. 	<ul style="list-style-type: none"> - Monitoring the integration rate of recycled and natural materials for new projects. - Publication of the report on the 2016 average Group vehicle. - For regions outside Europe: definition of a LATAM target, baseline analysis and assessment of deployment conditions in China.
TECHNOLOGY AND INNOVATION Organiser: Head of Research and Development	Commitment 4: Develop and implement technologies to design attractive, connected and autonomous vehicles, with a low impact on the environment.	Meet customers' needs in terms of well-being, autonomous driving and safety by continuing to develop cleaner technology and driver assistance systems, with a view to bringing the technology to market by 2020, ahead of the future launch of the fully autonomous car.	Presentation of innovations relating to reduced CO ₂ emissions, connected cars and attractiveness at special innovation events (Innovation Days or Innovation Conferences) organised by the Group.	<u>Target met:</u> <ul style="list-style-type: none"> - Presentation of innovations for reducing CO₂ emissions (March and November, for B2B customers), safety, the autonomous and connected vehicle (June), and well-being/comfort (November). - Participation of PSA at the ITS World Congress, an international conference on intelligent transport systems held in Bordeaux, when the Group demonstrated its prototype autonomous vehicle on the motorway in self-driving mode (October). 	<ul style="list-style-type: none"> - Launch of Hands-On technology (lane assistance, adaptive cruise control, sign recognition, etc.). - Development of Hands-Off technology (driver inattention detection, night vision with pedestrian recognition, park assist, queue assist, etc.), to be rolled out between now and 2018, and Mind-Off technology (fully automated driving, redesigned cockpit, etc.). - As part of the Research and Innovation Plan, and to guide and inform the decisions of the Executive Committee, identification and technical/financial evaluation of disruptive technology such as alternative energy, with a view to reducing the fuel consumption and emissions of the vehicles (CO₂ gain on cycle and efficiency gain).

A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.3. CSR organisation, strategy and policy

 STRATEGIC CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
VEHICLE QUALITY/ CUSTOMER SATISFACTION Organiser: Head of Quality	Commitment 5: Improve the quality of the Group's products and services and guarantee a personalised approach to every customer.	In the Group's main markets, be the leading carmaker for each of its three brands in four areas: performance, reliability, sales and after-sales service (measured on the basis of benchmark studies in each region).	Application of the Quality Management System at its highest maturity level to achieve these goals: <ul style="list-style-type: none"> - warranty claim rates of 39 in China (with partners), 59 in Latin America and 77 in Europe. <i>(basis of 100: July 2011)</i>; - recommendation rate of 117 in sales and 117 in after-sales service <i>(for France, Germany, Italy, Spain and the United Kingdom/ Basis of 100: 2011)</i>. 	<u>Target partially met:</u> <ul style="list-style-type: none"> - warranty claim rates: target achieved in China with partners (29.5) and in Latin America (48). However not reached in Europe: (84) <i>(Basis 100: July 2011)</i>; - recommendation rate: after-sales target reached (117) but sales target not reached (113) <i>(for France, Germany, Italy, Spain, UK/ Basis 100: 2011)</i>. 	Application of the Quality Management System at its highest maturity level to achieve these goals: <ul style="list-style-type: none"> - warranty claim rates: target 57 vs 63 in 2015. <i>(Group scope: Europe/ China/Latin America/ Eurasia/India-Pacific and Middle East-Africa/ Basis 100: July 2011)</i>; - recommendation rate: sales target of 114 (vs. 111 in 2015), after-sales target of 120 (vs. 115 in 2015); <i>(scope World excluding China: Europe/Latin America/Eurasia/India-Pacific and Middle East-Africa)</i>; - In China: to come top of public opinion polls for quality of service in sales and after-sales (top of the China Association for Quality's CACSI survey and among the top five in JD Power CSI/SSI surveys).
SOCIAL DIALOGUE AND RESPONSIBLE MANAGEMENT OF JOBS AND SKILLS Organiser: Head of Human Resources	Commitment 6: In the event of organisational transformations with an impact on jobs and skills, anticipate the necessary adaptations to meet the organisation's future needs, using contractual measures to match jobs and skills, thus promoting employment security.	Anticipate changes in professions and skills by way of permanent systems deployed in the Group's various host countries.	Definition, by mutual agreement and for each organisational transformation, of a set of measures, appropriate to each country, to promote employment security.	<u>Target met:</u> Employment agreements negotiated and signed in Germany, Austria, Belgium, Italy and the Netherlands. Under the New Social Contract, local mobility platforms set up in five regions in France to provide vocational training.	Support the implementation of the new "Push to Pass" strategic plan by negotiating, with employee representatives, a new agreement following the "New Social Contract".









 STRATEGIC CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
HEALTH AND SAFETY AT WORK AND WORKING CONDITIONS Organiser: Head of Human Resources	Commitment 7: Guarantee occupational health and safety.	<ul style="list-style-type: none"> - Achieve an annual average lost-time accident frequency rate* of 1%, an occupational illness frequency rate of 2% and a work-related stress frequency rate of 7%. - Apply the Workplace health and safety management system (SMST) at its highest maturity level. 	<ul style="list-style-type: none"> - An annual average lost-time accident frequency rate* not exceeding 1.2%. - An occupational illness frequency rate of 4%. - A work-related stress frequency rate of 8%. 	<u>Target met:</u> <ul style="list-style-type: none"> - A lost-time accident frequency rate* of 1.18%. - An occupational illness frequency rate of 3.46%. - A work-related stress frequency rate of 8.4%. 	<ul style="list-style-type: none"> - Maintain an annual average lost-time accident frequency rate * of 1.2%. - Achieve an annual average occupational illness frequency rate of 3.3%. - Maintain a work-related stress frequency rate of less than 8.2%.
SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING Organiser: Head of Purchasing	Commitment 8: Take CSR criteria into account when choosing suppliers.	Minimise CSR risks in the supply chain: <ul style="list-style-type: none"> - by evaluating 90% of suppliers of standard and replacement parts against the Group's CSR criteria taken into account in order to be listed and maintained as a preferred supplier; - by providing training to 90% of these suppliers in CSR risks and the Group's requirements. 	<ul style="list-style-type: none"> - Consideration given to an evaluation based on CSR criteria for 90% of vehicle parts suppliers selected at the end of 2015 (self-evaluation questionnaire, third-party evaluation, audits, etc.). - 90% of the amount of purchases covered by the signing of the Social and Environmental Guidelines for PSA Suppliers. 	<u>Target met:</u> <ul style="list-style-type: none"> - 96% of supplier selections for "vehicle parts" contracts take into account the results of an evaluation based on CSR criteria (including questionnaire, charter, audits, etc.). - 93% of the amount of purchases covered by the signing of the Social and Environmental Guidelines for PSA Suppliers. 	<ul style="list-style-type: none"> - Consideration given to an evaluation based on CSR criteria for 95% of vehicle parts suppliers selected at the end of 2016. - Provision of e-learning modules for suppliers and definition of a tracking tool.
SUPPLIER RELATIONS AND PURCHASING PRACTICES	Commitment 9: Increase the local supplier integration rate in Latin America and Russia.	Achieve a minimum local supplier integration rate of 50% in Russia and 80% in Latin America.	Achieve, at stable parity, a local supplier integration rate of at least 41% in Russia and 67.5% in Latin America.	<u>Target:</u> <ul style="list-style-type: none"> - <u>achieved in Russia:</u> +6.3% local integration; - <u>not achieved in Latam</u> with 67.4% local integration. 	By the end of 2016, achieve a minimum local supplier integration rate of 50% in Russia and 73% in Latin America.

* Including temporary employees.

1.3.5. An approach recognised by ESG rating agencies

1.3.5.1. PSA'S CSR PERFORMANCE EVALUATION RESULTS

A number of SRI indices include PSA, in recognition of its CSR performance. The evaluations of the Group's performance by these agencies are summarised in the table below.

Index	Rating agency	Latest evaluation of PSA
 FTSE4Good	EIRIS	Reconfirmation of PSA's inclusion in the FTSE4Good index (in the 'Automobiles & Parts' category).
	VIGEO: The Vigeo indices, introduced in late 2012, group together the listed companies with the best environmental, social, and governance (ESG) ratings. The range of indices is updated every six months. It includes four indices: Vigeo World 120 (the 120 most advanced companies in the world); Vigeo Europe 120 (the 120 most advanced companies in Europe); Vigeo France 20 (the 20 most advanced companies in France).	Reconfirmation of PSA's inclusion in the four indices World 120, Eurozone 120, Europe 120 and France 20. PSA was the only car manufacturer in the Vigeo World 120 index in December 2015.
	Carbon Disclosure Project: The CDP assigns companies a rating for their action on climate change based on a publicly disclosed methodology updated each year.	PSA, a leader in transparency according to the Climate Disclosure Leadership Index (CDLI). Disclosure score of 100/100 and A-performance band. The average is 81/100 for transparency and C for performance.
	VIGEO	Continued inclusion in the Ethibel Sustainability Index (ESI) Excellence Europe
	RobecoSam	With a score of 86/100, PSA was awarded Silver by RobecoSam for its sustainability performance. The average score for the automotive industry is 60/100.
	STOXX Global ESG Leaders: This index includes a representative sample of leading global companies in terms of environmental, social and governance criteria, based on ESG indicators provided by Sustainalytics. It is made up of the following sub-indices: the STOXX Global ESG Environmental Leaders, the STOXX Global ESG Social Leaders and the STOXX Global ESG Governance Leaders.	Reconfirmation of PSA's inclusion in the STOXX® Global ESG Leaders index.
	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.	PSA has retained B Prime status in the rating compiled by Oekom Research, making it joint leader for the automotive industry.
	Ecovadis, an independent rating agency specialising in responsible purchasing.	PSA, gold medal as a responsible provider.

The Group has also been retained in the Corporate Knights' 2016 Global 100 Most Sustainable Corporations in the World, published in January 2016 on the website <http://corporateknights.com> and announced at the World Economic Forum in Davos.

Lastly, in accordance with its Global Compact commitments, the Group reports on improvements made during the year with respect to each of the Global Compact's ten principles. This year, the Group's 2014 CSR Report was awarded "Advanced" level, which is the highest assessment for the Global Compact. In 2015, 400 companies worldwide were awarded the "Advanced" label, including 45 in France.

1.3.5.2. OTHER AWARDS AND DISTINCTIONS

Awards and distinctions for the Group's CSR initiatives



PSA was the first "Professional equality" certified company in 2005. The renewal of this certification on 16 December 2014 recognises the Group's long-term commitment and its continuous improvement process. Granted by Afnor Certification, this label rewards companies that are resolutely engaged in a genuine policy to ensure gender equality in the workplace and able to demonstrate significant progress in this area.



Confirmed by the National Commission in May 2015 following an audit in September 2014, the Diversity label has been held by the Group since 2009.

Since 2009, the Group has been certified under France's Diversity label, which recognises good human resources practices to promote diversity and equal opportunity and to prevent discrimination.



It was nominated for the HR Innovation prize by Cercle Humania on 1 October 2015 for its "Processes and Businesses" approach, which contributes to one of the major issues for the Company's performance: the development of skills and expertise related to the various business lines of PSA.

In Spain, PSA has been awarded the following distinctions:

- Diversity label: renewed for the third time in a row for a three-year period (following an 18-month audit). This label allows PSA Spain to include the annual Diversity Report published by the European Commission.
- Equality label: first-time certification for commercial subsidiaries and renewal for the Madrid and Vigo production sites. PSA Spain now has more awards than any other corporate group.
- First prize for the most influential HR business 2015.
- First prize for "Best initiatives and Women Talent in HR 2015".
- "Socially Responsible Company" certification from the Spanish Diversity Foundation: PSA Spain was among the 10 winners in 2015, following an external evaluation periodically carried out on all 650 plus signatories of the Spanish Diversity Charter.
- "Workplace Health Promotion" 2015 certification, in accordance with the criteria of the European Network for Workplace Health Promotion (ENWHP). PSA Spain is ranked among the top 16 Spanish companies. Top automotive company.
- Government recognition award for the Group's campaign to stop violence against women.
- Recognition from the Madrid Food Bank for its involvement in the 2014 winter collection campaign, with vehicle loans and food donations by employees.
- Alares Foundation 2014 National Award for Corporate Social Responsibility and Work/Life Balance, awarded to the whole of PSA Spain (sales, BANQUE PSA FINANCE and plants). First company in the automotive sector to receive an award from the Alares Foundation.

Award-winning products and services in 2015

The products and services of the Group's brands are honoured with numerous awards and distinctions around the world each year, in recognition of the ways in which they address CSR issues.

■ Environmental protection:

PureTech Turbo engines voted "ENGINE CAR OF THE YEAR": the new compact three-cylinder naturally aspirated and turbocharged engines designed by PSA lower CO₂ emissions by up to 25%, without compromising on driveability. A technological feat recognised in Stuttgart on 17 June 2015: the three-cylinder PureTech turbo engine (110 and 130 bhp) was named "Engine of the Year" in the 1 to 1.4-litre category by judges in the 17th International Engine of the Year Awards, given to engines offering the best driveability, performance, fuel economy and use of the most advanced technologies. EP petrol engines have won the award eight times.

The Peugeot 308 Active 1.6 litre BlueHDi 120 bhp EAT6 S&S voted best compact car in the combustion vehicle category: at the 11th MAAF Auto Environment Awards 2015 held on 10 June in Paris, it was voted best compact car in the combustion vehicle category by a panel of 11 motoring journalists. This new award for the Peugeot 308 follows on from the one awarded in 2014 to the Peugeot 308 1.2L PureTech 130 S&S, which received the MAAF Grand Prix Auto Environnement and was named best compact car in the combustion vehicle category. The Prix Auto Environnement MAAF is awarded to vehicles and technological innovations judged the most representative of efforts made by vehicle and equipment manufacturers to be more environmentally friendly. This year, the jury awarded its prizes based on specific selection criteria: reduction in pollutant emissions, energy consumption, price, etc.

Citroën Berlingo Electric, winner of an eco-driving challenge:

on 25 September 2015, the Citroën Berlingo Electric won the "Tour Poitou-Charentes", an event designed to show that an electric vehicle can have sufficient range throughout the day by alternating between driving and charging during the stages. 40 electric vehicles, including 10 commercial vehicles, competed in a two-day race at the end of which the Citroën Berlingo Electric came top, ahead of the Renault Kangoo Z.E and the Nissan e-NV200. In parallel, Citroën dealers in Cognac, Niort and Poitiers attended the stages to promote the Citroën C-Zero and Berlingo Electric and to network with customers.

The Citroën C4 Cactus BlueHDi 100 Stop & Start, eco-driving champion:

during the "2015 Eco Tour" campaign launched by Citroën Germany, it drove from Schwabach to Hamburg, a journey of over 959 km (the equivalent of a Paris-Grenoble round trip), achieving record consumption of 2.8 l/100 km. In total, five teams of journalists, bloggers and readers of the German motor press took part. Combining economical and intelligent driving, they were able to race in real-world conditions in urban areas and on major roads and motorways.

The Peugeot 208 BlueHDi wins two new eco-driving challenges:

in Estonia and the UK, it achieved real-world fuel economy below the official figure of 3.0 l/100 km. In Estonia, the Peugeot 208 Ecocup took place on 6-7 October, when journalists covered 850 km behind the wheel of several Peugeot 208 1.6L BlueHDi 100 bhp. After two days of driving, the lowest fuel consumption was 2.9 l/100 km. In the UK, the MPG Marathon organised by ALD Automotive and Fleet World took place in early October with Mick Linford behind the wheel of a Peugeot 208 1.6 litre BlueHDi 75 bhp. He finished on the top step of the winner's podium with fuel economy of 2.7 l/100 km over a route of almost 620 km, in real-world driving conditions.

In Slovakia, the Citroën Berlingo Electric reached third place in the 2015 "Fleet Van of the Year" awards, in the alternative powertrains category. The annual awards are organised by Fleet Magazine, which specialises in vehicle fleet issues.

On 22 July, the Peugeot 308 1.6 BlueHDi won the Energy Tech of the Year award in South Korea, when the national consumer protection association held its 19th Energy Winners awards in Seoul. The Korean association awarded the Energy Winner of the Year Prize in the "Energy Technology" category to the new Peugeot 308 1.6 BlueHDi. Fitted with a diesel engine, it can do 16.2 km on a single litre of fuel, emitting 119 g/km of CO₂. The award underscores the brand's technological advantage, efficiency and environmental commitment.

Citroën won the "City Car Manufacturer of the Year" award at the GreenFleet Awards 2015 (United Kingdom) for the second consecutive year. This award recognises the manufacturer's efforts to design small cars with very low emissions, such as the Citroën C1 with CO₂ emissions starting from 88 g/km.

■ Relations with stakeholders:**Citroën's "Social Detour" campaign, organised for the launch of the Citroën C4 Picasso, was the winner of a SABRE Award.**

SABRE stands for Superior Achievement in Branding, Reputation and Engagement and these prestigious awards are a genuine benchmark in the world of public relations. Citroën's campaign won the award in the SABRE category "Digital Influence – Subject Matter Experts" for having successfully positioned itself as a conversation facilitator, rather than merely an issuer of advertising messages.

■ Customer relations:

In June 2014, at the award ceremony for the "Palms de la Relation Client" organised by AFRC, the leading French professional association in the field of customer relations, the CITROËN brand was named the winner in the "Relational Intelligence" category for its Citroën Advisor website. This distinction recognises this site's relevance as a means to build trust and customer satisfaction, effectively creating a virtuous circle within the network of dealerships and branches to achieve a win-win outcome and amplify the impact of word-of-mouth marketing. Citroën Advisor (www.citroen-advisor.fr) is an online forum that allows Citroën customers to freely express their opinions, interactively and in real time, on the quality of service offered by their local Citroën dealer, whether following a new vehicle purchase or a maintenance visit. CITROËN is the only automotive brand to have rolled out this type of website. In another first for an automotive brand, Citroën has also obtained the NF Service "Online Opinion" certification, a fitting acknowledgement of Citroën Advisor's success in meeting high standards of transparency and reliability in its handling of user contributions. Citroën Advisor has proved immensely popular among customers, with over 28,000 opinions posted online, a year after its launch. Currently available in four countries, Citroën Advisor is being rolled out to Italy, Brazil, Argentina, Algeria, Poland and the Czech Republic.

■ Quality/safety:

The Group's joint ventures have also won awards:

On 4 November 2015, the DPCA (DONGFENG PEUGEOT CITROËN AUTOMOBILES) joint venture received the prestigious National Quality Award in Beijing, China's most distinguished quality award. The award, given in recognition of the performance management and progress achieved by DPCA, was presented at the 15th China Quality Awards. 80 firms were up for an award.

DPCA is the first automotive joint venture subsidiary of a national manufacturer to receive this distinction. It demonstrates the importance of DPCA's role in Chinese industry, whether in terms of product strategy, R&D, purchasing, production, supply chain, sales and after-sales service, or employment and workforce policies.

Created in 2001, the National Quality Awards are held each year by the China Association for Quality after a lengthy selection process. It is the highest award for performance excellence among firms in China. The National Quality Award is China's equivalent of the Malcolm Baldrige National Quality Award in the United States, the Deming Prize in Japan and the EFQM Excellence Award in Europe.

1.4. RELATIONS WITH STAKEHOLDERS G.36

PSA – a core player in the local economies where it operates – has maintained solid relations with all of its stakeholders for many years. The experience gained through these relations allows the Group to better identify company, environmental or economic issues and risks. Continuously monitoring the changing expectations, needs and limitations of society allows for better mutual understanding. The advantages of this system are that it makes it easier to prevent risks and conflicts and helps the Group adapt to sociological and technological changes taking place within society.

By maintaining open lines of communication with stakeholders, the Group ensures that its most material issues are well identified and that actions are effectively engaged both to reduce the negative effects of its operations and to develop opportunities for value creation around these subjects.

The Group's financial performance is underpinned by its strategic decisions, which must take into account the concerns and needs of the stakeholders who, whether directly or indirectly, influence and sometimes determine the shape of its activities.

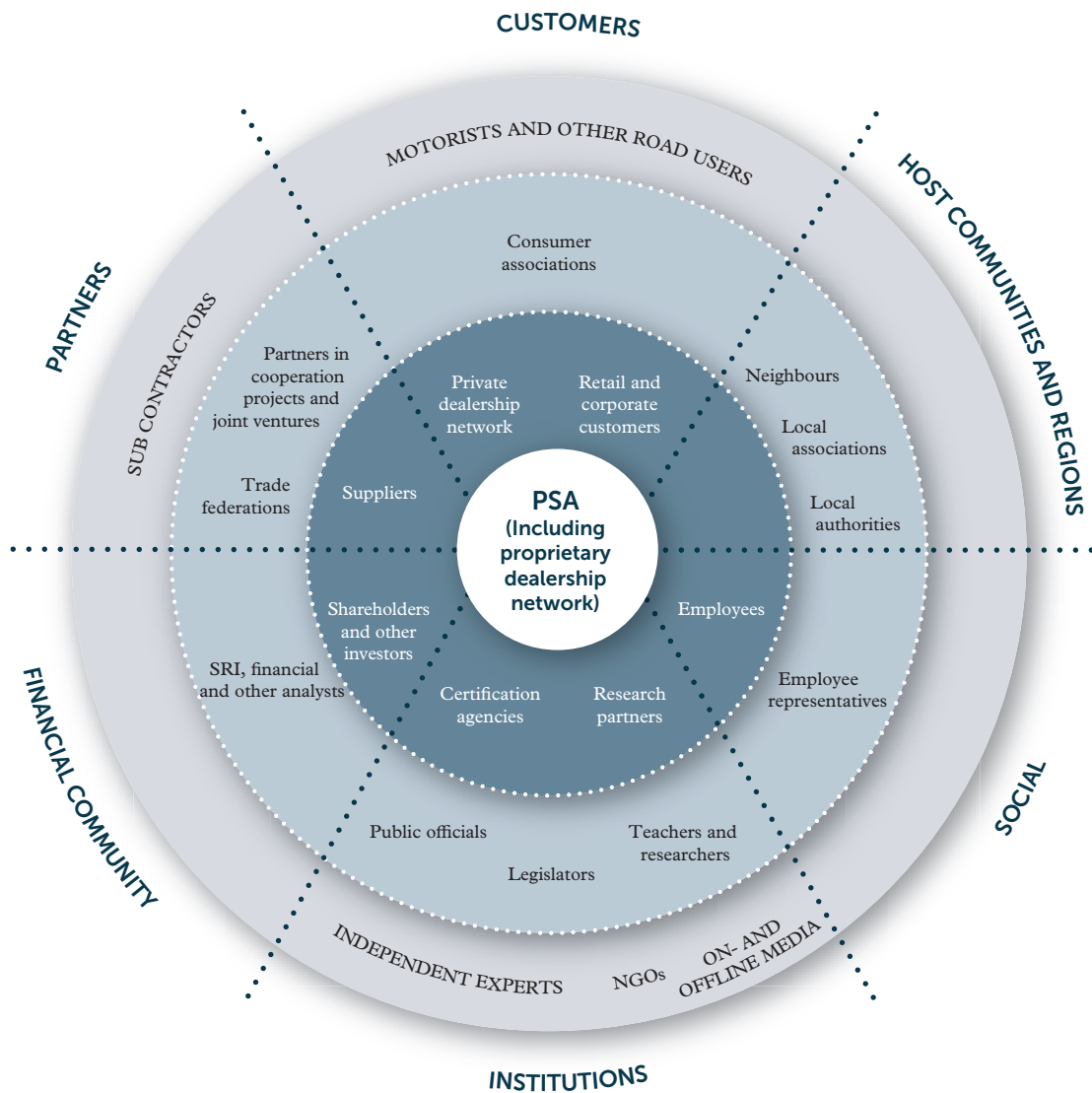
1.4.1. Presentation of stakeholders G4-24 G4-25

The business activities of PSA have an impact on the decisions of a large number of stakeholders, both internal and external. The Group has identified its main categories of stakeholders and has developed a mapping of these categories by type and the extent of their interactions with the Group.

The Group manages its relations with these different partners by maintaining continuous dialogue aimed at mutual understanding and the promotion of concrete actions.

It is by ensuring responsible dialogue with its stakeholders, engaging with them at the local and global levels, that the Group is best able to identify its most material CSR issues, remain attentive to concerns and propose solutions.

Mapping of stakeholders



The outermost circle includes the stakeholders with whom PSA is in contact for operational purposes on a day-to-day basis.

The entire list of stakeholders was drawn up by staff in each of the Group's business lines, on the basis of their day-to-day activities and the interactions involved.

1.4.2. Tools for dialogue set up by PSA

G4-25

G4-26

G4-27

G4-45

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

RELATIONS WITH STAKEHOLDERS CAN HAVE THREE LEVELS: INFORMATION, DIALOGUE AND PARTNERSHIP

Stakeholder	Main topics	Information – communication	Dialogue – consultation and frequency of exchanges	Agreements – partnerships
Employees	Strategy, results, company news.	Daily internal communication processes (newsletters, websites, events, etc.). Annual awareness campaigns on sustainable development (sustainable development week, diversity, disability, eco-driving, driver safety, etc.).	<ul style="list-style-type: none"> - Dialogue implemented on a daily basis by the management structure, platforms and discussions among employees within basic work units (UEs). - Suggestion boxes. - Periodic satisfaction surveys. 	Training.
Employee and labour union representatives	Strategy, results, company news. Workforce and skills planning. Occupational health and safety.	Literature related to employee relations.	<ul style="list-style-type: none"> - Dialogue with employee representatives in line with employee relations objectives and via various bodies, including: <ul style="list-style-type: none"> - the European Works Council expanded to a Global Council (at least once a year); - the Joint Union-Management Strategy Committee (at least once a year); - informal sessions at sites. 	<ul style="list-style-type: none"> - Global Framework Agreement on Social Responsibility. - Collective bargaining agreements and employee relations agreements with labour unions. - New Social Contract in 2013. - Agreement on the Jobs and Skills Matching System signed in 2014.
Customers and consumer organisations, road user organisations	Quality of products and services, environmental performance of vehicles, road safety, sustainable mobility.	<ul style="list-style-type: none"> - Brand websites. - Responsible Communication Charter. - Information on road safety features when a vehicle is delivered. 	<ul style="list-style-type: none"> - Dealership network and their Customer Relations Departments over the course of the year. - Consultation with consumer panels over the course of the year. - Consumer relations teams on a daily basis. - Group blogs and social network presence. - Citroën Advisor customer forum. 	Sales or repair contracts.
Dealership networks	<ul style="list-style-type: none"> - Financial and strategic performance. - Quality of products and services and customer satisfaction. - Environmental performance of vehicles and manufacturing facilities. - Sustainable mobility. 	<ul style="list-style-type: none"> - Literature accessible to everyone. - Training of sales and marketing employees. 	<ul style="list-style-type: none"> - Analysis of periodic customer satisfaction surveys. - Monitoring of financial performance and prospects. 	<ul style="list-style-type: none"> - Analysis of all types of risk (including ethical) before a dealership contract is signed. - Distribution and/or repair service contract including clauses related to sustainable development.
Shareholders and other investors	Financial performance and CSR, impact on results and prospects.	<ul style="list-style-type: none"> - Letter to shareholders. - CSR Report and Registration Document published annually. - Corporate website. - Annual and interim financial results. 	<ul style="list-style-type: none"> - Consultation Committee. - Shareholders' Meeting. - Investor meetings. - Conferences presenting the Group's strategy to financial analysts (road shows). 	
Financial and SRI rating agencies, CSR experts and dedicated entities	Financial performance and CSR, impact on results and prospects.	Annual publication of the CSR Report.	<ul style="list-style-type: none"> - Responses to recurring questionnaires and one-off requests. - Discussion sessions. 	

A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

1.4. Relations with stakeholders

Stakeholder	Main topics	Information – communication	Dialogue – consultation and frequency of exchanges	Agreements – partnerships
Suppliers	CSR performance in supply chain, innovation, financial performance and measures to support the Group's strategy.	<ul style="list-style-type: none"> - Monthly information meetings. - Innovation days. - Annual supplier trophies. 	<ul style="list-style-type: none"> - Suppliers' Convention (attended by the Chairman and CEO of the 300 largest suppliers) and products/projects meeting. - Presence of PSA's French regional delegates in automotive industry bodies. - Supplier relations teams. - Self-assessment questionnaires. 	<ul style="list-style-type: none"> - Social and Environmental Guidelines for PSA Suppliers. - Sustainability clauses in sales contracts and terms and conditions of sale. - Involvement in France's PFA, a platform set up to foster ongoing discussion and exchange among automotive industry stakeholders, and in the ARIAs, regional professional associations for the automotive industry.
Partners in cooperation projects and joint ventures	Group projects for products and industrial initiatives.			Joint development and production of vehicle components and bases, notably for electric vehicles, hybrid components and Euro 6-compliant engines.
Industry institutions and professional associations	Existing or upcoming regulations relating to the Group's business activities.		<ul style="list-style-type: none"> - Regular contacts with European and international institutions, as well as with French authorities. - Local contacts with consulates. - Member of French and European trade associations (like CCFA in France and ACEA and EUCAR for Europe). - Member of national trade associations in all host countries. 	
NGOs and associations	CSR topics such as sustainable mobility, the circular economy and road safety.	<ul style="list-style-type: none"> - Annual publication of the CSR Report. - Group blogs and social network presence. 	<ul style="list-style-type: none"> - Responses to requests. - Meetings with NGOs, frequent formal discussions, held directly or through institutions of which the Group is a member (EPE, C3D, etc.). - Joint publications. 	Participation in the local community (infrastructure, support of local associations, etc.). Support from the Foundation for projects and charities.
Host communities and site neighbours	Economic and social development in host communities, environmental issues at sites.	Events on road safety, environmental issues, sustainable mobility and other topics.	<ul style="list-style-type: none"> - Discussions with local officials. - Open days and site visits. 	Group commitment to local supplier integration and the development of clusters around its sites.
Print, broadcast and digital media	Group news.	<ul style="list-style-type: none"> - Press releases. - Website and media centre (corporate and brands). - Group blogs and social network presence. 	<ul style="list-style-type: none"> - Dedicated press relations teams. - Innovation days throughout the year. - Test drives of new vehicles for motoring journalists. 	
Teaching and research, certification bodies	CSR topics such as sustainable mobility, the circular economy and road safety and product innovation.	<ul style="list-style-type: none"> - Forum for France's leading business and engineering schools. - Awareness campaigns with local schools, participation in industry week. 	<ul style="list-style-type: none"> - Intern and apprenticeship programmes, and laboratory space for doctoral candidates. - Work on urban and inclusive mobility within the City on the Move Institute (IVM). 	<ul style="list-style-type: none"> - Agreements to create Open Labs and endowed chairs at universities, engineering schools and business schools, in France and abroad. - Partnerships with national educational systems in each host country. - Visits, vehicle donations and educational events held by Group sites.

DIALOGUE INITIATED IN 2015 BY PSA

These regular discussions with PSA stakeholders serve as a reference for the Group's CSR ambitions.

In 2015, PSA's dialogue with its stakeholders was based on three core themes:

Employment and workforce policies

Given the crisis that has beset the European auto industry for several years, requiring necessary adjustments to its manufacturing capacity, and in order to carry out the necessary transformations as responsibly as possible, the Group has emphasised an ongoing dialogue with its most affected stakeholders (employee organisations, unions, local communities, government authorities and the automotive industry).

In 2015, the Group continued its efforts to refocus on its core business and adjust its production capacity and workforce, with a confirmed goal of preserving its industrial base. PSA has taken steps to set up a support framework for employees affected by these changes. New solutions have been introduced, such as career mobility platforms and transition platforms, following dialogue with employee representatives, suppliers and business partners, government agencies and local administrations. Employees can continue their career with local companies that have signed up to the scheme. With a career transition passport, staff automatically qualify for extensive retraining, remaining an employee of the Group until they go to work for their new company.

Designed in conjunction with its temporary employment agencies, the Group has introduced a "permanent contract for temporary staff", which should provide job security for 300 workers between now and 2017. Staff with these contracts are much more likely to find permanent employment with PSA or in the local job market, while boosting the Group's economic performance through optimised industrial flexibility.

At the local level, PSA also engages in sustained dialogue with its stakeholders. As a direct result of this dialogue, the Supervisory Board of La Société du Grand Paris approved the conversion of the former assembly plant at Aulnay-sous-Bois into a maintenance site for rail infrastructure and rolling stock for new metro lines.

Responsible purchasing

In 2014, PSA continued to participate in discussions led by independent bodies active in CSR in France (MEDEF, AFEP, EpE, C3D, UDA, CCFA, etc.) and in the automotive industry, particularly with regard to responsible purchasing and guidance provided to suppliers.

Following dialogue with suppliers, tools have been developed by the Group to monitor their CSR performance, with help from specialist evaluation agency Ecovadis.

Sustainable mobility and transparency on CO₂ emissions

As concerns sustainable mobility, the third theme of the Group's stakeholder dialogue, PSA undertook several joint initiatives.

- In line with its transparency approach, on 26 October 2015 the Group announced plans to publish real-world fuel economy figures for its main vehicles, with the process overseen by an independent body. The Group initiated this approach with Transport et Environnement, an environmental NGO that will perform the measurements using a different methodology to current homologation tests. The results will be published in the spring of 2016.
- PSA has helped to set up the first stakeholder dialogue for the automotive sector in France. A panel of representatives from the French automotive industry and 15 representatives from civil society, NGOs, politicians and experts met on 9 July 2015. It was an opportunity to share an expanded vision of sustainable mobility and to define the role of the automobile within this. The conclusions were used to consolidate the Group's strategy and refine its choices in terms of shared and inclusive mobility and reducing its environmental impacts.

Internally, the panel of representatives from civil society, set up in 2014, met four times in 2015 to reflect on the impacts of mobility on the environment. This dialogue is organised between actors from civil society such as NGO representatives, medical professionals, researchers, economists, chemists, etc. and a group of PSA employees whose role requires them to develop and market sustainable mobility products and services. Addressing issues such as fine particulate matter, sustainable mobility and the circular economy, it informs the Group's thinking.

- In another initiative, representatives of several PSA management teams took part in the working group on sustainable mobility organised by the Tuck Foundation (education and research about hydrocarbons, petrochemicals, engines and related activities, along with their effects on the environment).
- The Group also brought Carbon 4 into its discussions of long-term mobility scenarios.
- Through its corporate foundation, the Group is involved in the work of the Laboratoire de la Mobilité Inclusive, carried out with public officials, NGOs and transport operators. This dialogue has given PSA an insight into the mobility needs of the least privileged, with a view to developing a suitable offering.

1.4.3. External standards and commitments

1.4.3.1. CHARTERS, PRINCIPLES AND OTHER INITIATIVES

G4-15

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

External standards

- ISO 14001 for the environment. The certification of all PSA's manufacturing sites began in 1999 and was completed in 2014 with the certification of the Kaluga site;
- Societal responsibility: ISO 26000 (non-certifiable). The Group ensures that its sustainable development policy incorporates the guidelines in the standard;
- Sustainable development reporting: Global Reporting Initiative (GRI) Guidelines (initially G3, later G4) have been used to prepare PSA's CSR Report, covering the actions of all subsidiaries;
- Global Compact, which PSA joined in 2003, and GEFCO in 2009. In 2009 PSA joined Caring for Climate, a voluntary and complementary action platform for United Nations Global Compact participants who seek to demonstrate leadership on the issue of climate change; since 2015, the Group has been among the companies classed as Advanced on these issues;
- Communication: the Charter of Responsible Communication Commitments for Advertisers issued by the UDA, the organisation representing French advertisers, since 2008, the date of its first publication.

Internal standards

- PSA has developed its own benchmarks and guidelines in the following areas:
 - employment and the workforce: 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: Code of Ethics. The Group's new Code of Ethics, adopted in 2010 by PSA, renews and expands on the Code of Ethics published in 2003,

- procurement: The "Social and Environmental Responsibility Guidelines for PSA Suppliers" published in 2006,
- responsible marketing and advertising: PSA Responsible Communication Charter, signed in 2008.

1.4.3.2. MEMBERSHIPS OF NATIONAL AND INTERNATIONAL ASSOCIATIONS AND ORGANISATIONS

G4-16

The Group is a member of several organisations promoting sustainable development in France: *Comité 21*, the *Observatoire de la Responsabilité Sociétale des Entreprises* (ORSE), the UDA, the *Collège des Directeurs de Développement Durable engagés* (C3D) and *Entreprises pour l'Environnement* (EpE). The Group participates in a variety of working groups within these organisations and currently chairs EpE's Climate Change Committee.

It also takes part in the work carried out by the MEDEF, the AFEP, the CCFA and the ACEA for the deployment of CSR. For example, the Group is a member of MEDEF's CSR Committee and takes part in the "ESG Performance" and "CSR Practices" working groups.

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

All three Group brands also work closely with various bodies who are advocates of CSR. In particular, they are signatories of the CNPA's Challenge for the Environment (a French association of automotive professionals) since 2004, adherents to Recyvalor (whose aim is to collect and recycle abandoned stockpiles of tyres), and founding members of Ecofolio, the state-accredited non-profit organisation responsible for paper collection and recycling on behalf of municipalities throughout France.

On 21 May 2015, PSA signed the "Business Proposals for COP21", presented at the 2015 Paris Climate Conference.



2

A GROUP TREND-SETTER IN SUSTAINABILITY MOBILITY







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PSA has identified seven significant issues concerning sustainable mobility:

- vehicle CO₂ emission and fuel consumption;
- air quality;
- vehicle quality and safety;
- technological innovation;
- customer satisfaction;
- environmental impact of materials and end of life vehicles;
- mobility services offering.

These seven issues are described in section 1.3.2.1 of this report. In response to these issues, PSA is pursuing the initiatives presented below.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
CO ₂ EMISSIONS FROM VEHICLES/ FUEL CONSUMPTION*	See section 1.3.4.2: Scoreboard of commitments and pathways for the strategic CSR issues.				
AIR QUALITY*					
CUSTOMER SATISFACTION/ VEHICLE QUALITY*					
TECHNOLOGY AND INNOVATION*					
ENVIRONMENTAL IMPACT OF MATERIALS AND END OF LIFE*					
MOBILITY SERVICES OFFERING	Offer a customised, multi-product line-up of sustainable mobility services.	Significant mobility services in Europe and China for the three Group brands in the core new mobility sectors.	6,300 vehicles sold to the network for vehicle rental services.	Target met: 6,569 vehicles sold to the network for vehicle rental services.	- 7,200 vehicles available for rental by Mu by PEUGEOT/ PEUGEOTRENT; - 150 new vehicles in the Multicity Berlin fleet; - Under the partnership with Bolloré Blue Solutions, integrate an offering of Group vehicles into the Lyon and Bordeaux car- sharing systems.

* Strategic issue set out in Chapter 1 and monitored by the Executive Committee.

PSA believes mobility is a fundamental right, providing access to health care, education and work. The emergence of a more harmonious urban mobility will guarantee this right. It is based on the more widespread use of low-emission, networked or smart cars,

as well as on more effective policies for traffic management, land use planning and easy multi-modal transport.

In response to sustainable mobility issues, PSA has developed an offering, both of Products and Services that are described in this chapter together with the results obtained.

2.0. PSA'S INNOVATION PROCESS

2.0.1. Incorporating environmental issues into organisation in the product and service design phase G.20

In the Automotive Division, the Research and Development Department reports to the Executive Committee. It carries out the Group's technological innovation work with 10,200 employees in Europe, in addition to the R&D teams in China and Latin America, totalling close to 2,700 and 630 employees respectively, i.e. over 13,500 employees mobilised around the world. The Research and Development Department focuses on three main areas:

- reduction of environmental impacts, in particular greenhouse gases: to meet the challenges of the climate, the depletion of fossil fuels and changing lifestyles;
- design, concept and styling for flawless perceived quality;
- services, by working -with the Marketing Divisions of the PEUGEOT, CITROËN and DS brands as well as the business unit dedicated to connected services and mobility, to think through the future of connectivity and mobility (multi-modal transport and onboard intelligence), the autonomous vehicle.

The R&D Division coordinates and implements the eco-design process, particularly through life cycle analysis and monitoring the use of green or recycled materials: data are collected from engineering divisions and suppliers for each vehicle project.

The R&D Department also supports the Group's globalisation through three main centres (Europe, China and Latin America), which develop and adapt PSA's style and technologies to the specific characteristics of each region. Europe is the focal point of the Group's R&D, where most of the teams are located (78%), primarily in France.

The Programmes Department continuously monitors implementation of the solutions chosen throughout the development of vehicle projects and measures their efficiency: usage rate of green materials, CO₂ emissions, etc. A special unit is responsible for coordinating the Group's CO₂ programme. This monitors and reports on the emissions performance of vehicles developed by the Group.

A special department monitors the Group's ELV (end of life vehicles) policy and its recycling and recovery performance.

Within the subsidiary BANQUE PSA FINANCE (BPF), two separate teams are responsible for product design: the "Finance Products" marketing team and the "Insurance Products" marketing team. The different offerings are designed in close collaboration with the marketing teams of the three brands and the design is consolidated in a single BPF product plan that integrates the brands' input to support the marketing of vehicles of the PEUGEOT, CITROËN and DS brands, especially low-emission vehicles, through appropriate and innovative financing products and services. Operational marketing teams in the BPF subsidiaries adapt the offerings to local markets with regard to laws, practices, language, etc. and are responsible for overseeing the offerings.

Finally, the "City on the Move Institute" (IVM), created by PSA in 2000, initiates and promotes discussions and trials on how urban mobility is changing and on shared mobility.

2.0.2. R&D and Open Innovation

The R&D strategy

The environment in which PSA operates involves:

- increasingly stringent regulatory and safety constraints: the convergence of CO₂ targets on all core markets, the tightening of anti-pollution standards;
- strong pressure from other market players;
- customer needs transformed by new technologies.

In an industry where model line-ups have become much more diversified, innovation is the main way to create the competitive advantages so critical to driving growth.

Innovation, research and development are, therefore, priorities for PSA. They are a powerful lever for addressing such core auto industry challenges as changing standards and legislation, rising environmental awareness, emerging mobility and networking needs and product appeal to create competitive advantage.

What will the car of the distant future look like? How will it interact with its environment?

PSA contributes actively to providing answers to these two questions with its research and development work.

The first concrete answer will be the marketing of a vehicle that will have a fuel consumption of only 2 l/100 km well ahead of 2020. At the 2014 Paris Motor Show, PSA presented a demonstrator close to a production vehicle, based on compressed air hybrid technology. This demonstrator is an example of all the Group's work on innovation to reduce vehicle fuel consumption: lighter and aerodynamic vehicles, optimisation of electrically-powered components, breakthrough powertrain, etc. All this culminated in the 208 Hybrid FE prototype in 2012.

The Group also carries out research for a more distant future: engines and connectivity of post 2020 vehicles, in particular, with a programme coordinated by the VeDeCom Institute (Carbon-free and Communicating Vehicle and its Mobility). VEDECOM is an energy transition institute created in February 2014 by 10 founding members (PSA, Groupe Renault, Safran, Cetim, ESIGELEC, ESTACA, IFPEN, IFSTTAR, UVSQ and VALEO) under the Investments of the Future Programme to promote individual, low-carbon and sustainable mobility. Funded in part by PSA, VEDECOM aims to become the leading French technology research institute and spearhead the development and use of autonomous connected cars.

With respect to the vehicle architecture proper, we are told that there will be increased use of biosourced materials or recycled materials,

and that in 2050, cars will be fully modular, with transient bodies, ultra-light and safe, thanks to materials that will be both mineral and organic, with memory form.

This vehicle could be autonomous and automated, plug-in through electric infrastructure (electromagnetic induction) and connected to other vehicles. While on the move, passengers will enjoy new social links.

2.0.2.1. R&D: AUTOMOTIVE EXPERTISE AT THE SERVICE OF USEFUL TECHNOLOGY G.22

Key figures	2013	2014	2015
R&D expenses* (total expenses invested)	€2.229 billion	€2.250 billion	€2.249 billion
% of R&D costs and CAPEX of the Automotive Division revenue	8.2%	7.5%	7.3%
R&D budget and CAPEX	€2.397 billion	€2.507 billion	€2.707 billion
IVM (<i>City on the Move</i> Institute) think tank budget	€950,000	€1,000,000	€1,000,000
Number of employees assigned to R&D	14,500	15,500	13,500
Number of innovation, style and test centres	9	9	9
Number of patents published	1,378	1,063	1,012
Number of academic chairs	6	7	7
Number of <i>OpenLabs</i>	12	16	16
Share of the Group's scientific research activity conducted in <i>OpenLabs</i> (excluding China)	10%	10%	10%

* Automotive Division + Faurecia.

Resources allocated to R&D

Under the "Back in the Race" plan, the Group has undertaken to allocate a CAPEX and R&D expenditure budget for the automotive business at a stable level of between 7% and 8% of its revenue, allowing it to develop its structuring projects. Total expenses invested in research and development in 2015 were unchanged from 2014, maintaining the Group's future capacity for innovation (see note 5.3 to the financial statements in the Registration Document).

The Group has three R&D Divisions worldwide that develop and adapt PSA's style and technology to the expectations of each region.

For Europe and Russia, 10,200 employees are spread over the three R&D centres in Vélizy, Sochaux-Belchamp and La Garenne-Colombes

and the ADN (Automotive Design Network) styling centre housing all the styling studios of the three brands plus the innovation and vehicle architecture teams (nearly 1,000 people) and at the two vehicle test centres located at Belchamp and La Ferté-Vidame.

For Asia, the Group mobilises nearly 2,700 employees – 2,000 of whom work in joint ventures – in the three R&D centres in Shanghai (China Tech Center), Wuhan and Shenzhen, and in the Shanghai style centre.

For South America, 630 people work in the São Paulo R&D centre.

Under the "Back in the Race" plan launched in 2014, the Group is aiming to improve R&D and CAPEX efficiency, in particular by developing cooperation ventures among centres.



ECONOMIC INSIGHT

The Group has defined levers that will improve R&D efficiency:

- the synergies with the Chinese joint ventures (shared R&D centre, Fengshen cars fitted with PSA technologies) with an expected gain of about €100 million of reduced annual R&D costs out of the €400 million of synergies expected by 2020. Two targets set for 2022: 100% of vehicles designed for global distribution including China (versus 35% in 2014) and consolidation to two development platforms (from six in 2014);
- streamlining of diversity (core model strategy: reduction from 45 to 26 models by 2022) with an expected gain of €300 million of annual cost reductions over the duration of the plan.

Likewise, the active patent policy, which protects the Group's intellectual property, enables it to:

- optimise its cooperative ventures and generate sales volumes: expected gain of €100 million of synergies each year (GM Alliance in Europe: three shared programmes for 700,000 units/year, TOYOTA: segment A and D-VUL cooperation for 450,000 units/year, FIAT: E-VUL cooperation for 100,000 units/year, FORD: diesel engine for 2,300,000 units/year);
- generate revenue: €175 million in 2015 from patents from the Automotive Division;
- attract and retain talents – "inventors" and potential partners;
- reinforce its reputation for excellence in technology and leverage its inventions with its clients and other stakeholders (e.g., the additive particulate filter).

With the Open Innovation policy, the Group can optimise its internal R&D expenditure, build expertise and gain access to patents and technology. For example, in developing autonomous vehicles, VEDECOM manufacturers and equipment suppliers have teamed up to reduce the duration of processes (authorisations to conduct road experiments were granted in five months instead of twelve), their complexity and their cost (a single application was filed to register the patents rather than one application for each patent).

The Group continues to roll out a plan to optimise its R&D by developing its processes using digital simulation and by enhancing its partnership policy (including strategic suppliers). In 2015, R&D achieved efficiency gains totalling more than €300 million, in line with its optimisation plan. This rationalisation has enabled the Group to develop new vehicles and new technologies in support of the Group's core model strategy, which has already been applied to streamline 60% of the offering, bringing the number of models down from 45 in 2013 to 39 in 2015.

Innovations are born from the matching of the stated or latent needs of clients and society with the possibilities offered by new technologies, all the while taking regulatory changes into account.

To broaden its opportunities (reduction in development costs, detection of new trends and stepping up of Time to Market), PSA has established an Open Innovation process that brings together a wide range of stakeholders: universities, laboratories, suppliers, institutionals, SMEs, start-ups, employees, customers, etc., to detect new trends, identify technological or scientific treasures and enable the Group to develop its international presence.

An active patent policy on the main innovation focus areas

The Group deploys its innovation efforts in three focus areas:

- clean tech: offer a "clean" car suited for every use;

- the autonomous and connected vehicle: improve driver assistance for ever greater safety and comfort as well as connectivity and human-machine interfaces, incorporating new customer usages into the cars and prepare the future of cars with programmes focused on autonomous driving;

- appeal: offer Group customers innovative design and functionalities.

In April 2016, on the publication of the list by the French Intellectual Property Institute (INPI), PSA was rewarded for 1,012 patents published in 2015 (against 1,063 patents published in 2014). The Group has thus confirmed its position as top French patent filer for the ninth consecutive year.

After the strong growth of previous years, the number of patents remains at a high level in spite of a difficult economic context and is testimony to the Group's mobilisation for the protection and valuation of its innovations. In fact, innovation is central to the Group's strategy.

- **Clean technologies or clean tech:** The Group continues to dedicate a significant share of its innovation efforts (more than 40% of its R&D budget) to reducing the environmental impacts of its vehicles. This is seen in its patent filing strategy. A large number of the patents published in 2015 concerned clean tech, i.e. technologies that enable a reduction in fuel consumption as well as in pollutant emissions.

The Group continues its research to:

- design engines that consume less fuel and emit less CO₂ and pollutants by applying the innovative cylinder deactivation technology to new versions of the EB three cylinder petrol engine or new developments in Stop & Start (STT) technology,
- further improve the treatment of polluting emissions in exhaust gases to bring its diesel engines, including the DV5R (formerly the DV Neo engine) currently being developed, in line with Euro 6.2 and Euro 7 standards.

For example, the patent portfolio concerning SCR (Selective Catalytic Reduction, technology for eliminating nitrogen oxides or NO_x from diesel vehicles) was expanded. A large number of patents were also filed for two new innovative engines: the DV Neo diesel engine, developed to meet the future standards Euro 6.1, 6.2 and 7 and the Turbo versions of the EB 3-cylinder petrol engine.

Most of the innovations patented in 2015 concerned hybrid vehicles, in particular a new plug-in hybrid petrol-electric powertrain, to increase the driving range in full electric mode (ZEVs), reduce CO₂ emissions by optimising the powertrain and boosting thermal comfort inside the vehicle (heating and air conditioning).

Patented innovations also applied to all-electric vehicles, especially to ensure maximum safety of components while recharging and driving.

Still in a perspective to reduce fuel consumption and CO₂ emissions, making vehicles lighter is also a priority challenge for which many patents have been filed. In particular, they concern the use of composite materials in various vehicle structure components (including windows), the development of ultra-light, customisable wheels and the design of hubcaps to enhance the environmental performance of Group vehicles.

- **The autonomous and connected vehicle:** this strategic focus has given rise to a large number of patents concerning ADAS (Advanced Driver Assistance System). Examples include: lane change assistance, blind-spot detection, driver attention assist, VisioPark parking assistance, traffic jam assist, holographic signalling at the rear of the vehicle.

Reflecting the maturity of its technologies, in July 2015 the Group was the first to receive the authorisations required to demonstrate the performance of four autonomous prototypes on the open road and of about fifteen prototypes in 2016. In October 2015, one of the four autonomous vehicles travelled by motorway from Paris to Bordeaux to feature at the Intelligent Transport Systems (ITS) World Congress. The 580 km journey was made without any driver intervention. The car adjusted its speed and overtook other cars on its own based on the other vehicles on the road, speed limits and infrastructure.

At the ITS World Congress, PSA presented its car-to-car and car-to-infrastructure communication systems. These systems provide a new source of information using data from other vehicles and infrastructure to enhance awareness of the vehicle's surrounding environment. The development of these technologies will make tomorrow's cars smarter to improve user comfort. The autonomous functions will be used to lower the number of accidents caused by human error and reduce driver fatigue in monotonous driving conditions. The projects in advanced development stages will rapidly see real-world application with the gradual implementation of self-driving functions in standard production models.

Appeal: many patents demonstrate the Group's ability to innovate with respect to the comfort of vehicles (health and well-being of the driver and passengers), in particular the air quality of the passenger compartment, the addition of lighting ambiances and relaxing or energising fragrances, storytelling, the driver and passenger experience, massaging seat, leg rests and other in-car equipment to transform the vehicle's interior into a work or relaxation space, thermal comfort, humidification of air with a nebuliser, etc. To differentiate the various Group brands, there are several patents on vehicle fittings specific to each brand. Interiors feature multiple storage solutions, while exterior detailing includes a lighting signature through specific external lights and new exterior paint designs. Lighting systems also improve visibility for drivers, increasing safety for them and others.

The Group also makes it a priority to develop vehicle impact protection systems to enhance the safety of the passenger compartment and, to make repairs more economical for car owners, improve its reparability.

Lastly, our constant concern to improve driveability, driving pleasure, suspension (especially for the CITROËN brand) and road-holding, has led the Group to regularly file patents for gearboxes (internal architecture and gear-changing controls), brakes (discs and drums) or shock absorbers, which are regularly improved.

Patents are also regularly filed for the manufacturing process – and more specifically stamping, ferrage, painting or assembly operations.

The proactive 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 divisions.

This policy underwent significant change in 2011 to provide even greater protection for technological developments considered to be strategic for the Group or for innovations embedded in vehicle projects or mechanisms, or implemented in plants.

PSA is thereby consolidating a high-value portfolio of innovations – the guarantee of a genuine potential for differentiation on a market which is demanding and constantly changing – enabling the Group to set itself apart from the competition and to invent the vehicle of tomorrow.

2.0.2.2. OPEN INNOVATION AT PSA

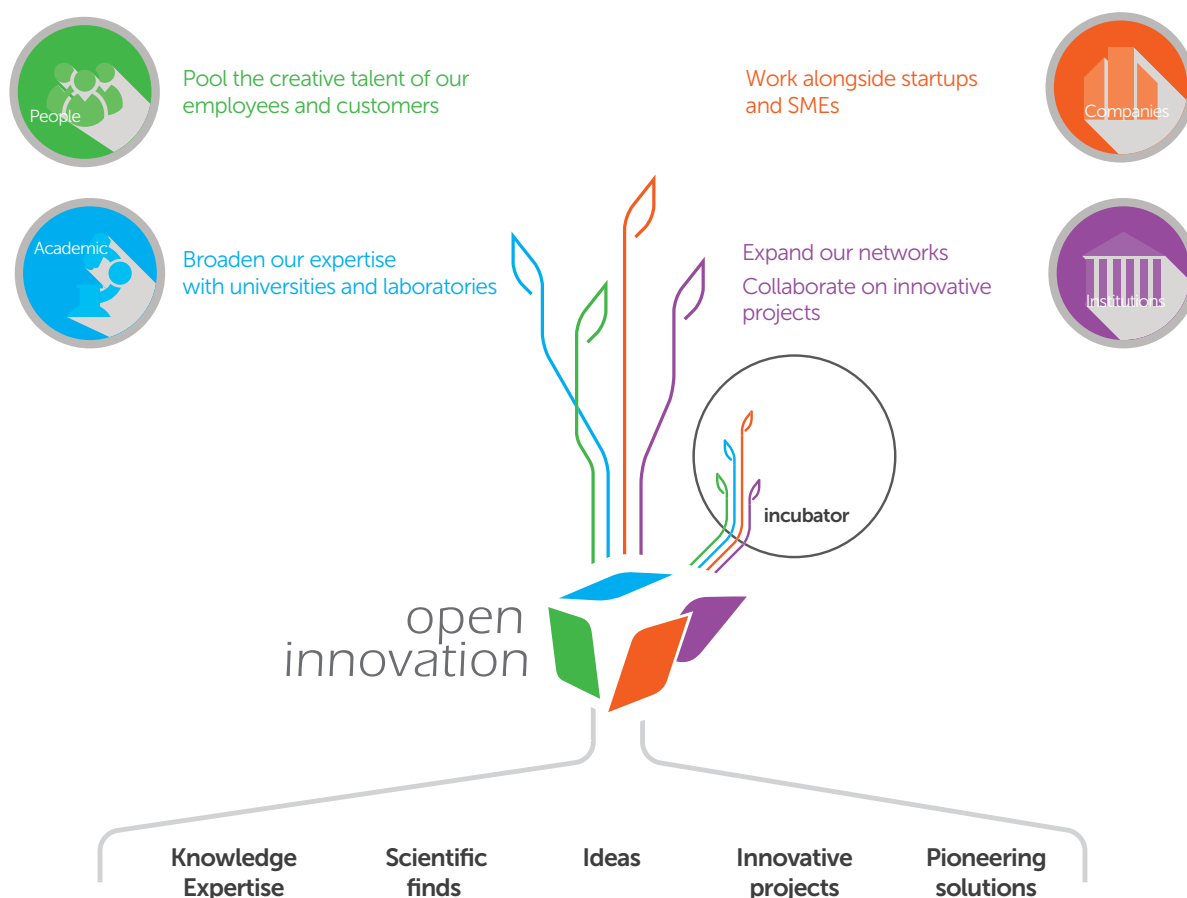
To remain at the forefront in producing and proposing tomorrow's products and services and to broaden its opportunities, PSA has embarked on an Open Innovation approach that aims at helping the Group to take three key success factors into account:

- have access to the best knowledge (scientific, technological, use, etc.);
- contribute to balancing the economic equation of R&D by sharing costs and risks with its partners or by enhancing the value of its expertise and technologies outside the Company;

- increase the Group's agility and market a greater number of innovative solutions.

PSA's Open Innovation aims at building and managing relationships driven by shared value creation with stakeholders from the four ecosystems:

- people;
- companies;
- academic;
- institutions.



With this strategy of openness, PSA is increasing its innovative capability and is reinforcing the links between each of its four ecosystems through:

- R&D collaboration with companies, universities and institutions:
 - Open Innovation academic: be at the cutting edge of scientific knowledge and quickly detect new opportunities thanks to the actions of the Stellab,
 - Open Innovation institutions: develop a network of innovative partners in automotive and non-automotive industry through competitiveness clusters, etc.,
- Open innovation companies: work better with SMEs, VSEs and start-ups in order to increase the Group's agility and to give it a head start;
- Participative innovation that makes people and customers a vital component of innovation processes:
 - Open Innovation people: make people, customers or future customers an even more vital component of innovation processes;
- Use of and contribution to open source components.

2.0.2.2.1. R&D collaboration with companies, universities, institutions and individuals

Open Innovation academic: scientific partnerships with universities in the StelLab

An outward-facing strategy aimed at the academic world 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 of the vehicle of the future. The actions and stakeholders of the StelLab (Science & Technologies Exploratory Lean LABoratory) fall within the "Academic" ecosystem.

In 2010, PSA created the StelLab network.

The StelLab network is PSA's scientific coordination structure whose role is to promote interdisciplinary exchanges and dialogue within the Group and also with its external academic partners. The StelLab also creates links between doctoral students, research and scientific engineers and experts in the Group. It helps to bring students and external researchers into entities of the Research Division to take part in the Group's scientific programmes.

The StelLab establishes scientific partnerships with cutting-edge laboratories worldwide through its chairs and OpenLabs network. OpenLabs are mixed research structures that pool the research teams and scientific resources of PSA and those of its partner laboratories.

The network currently includes 16 OpenLabs and 7 academic chairs managed in close collaboration with PSA University.

- The OpenLabs: "Automotive Motion Lab" in Marseille, "Electronics and Systems for Automotive" in Bordeaux, "Energetics" in Orléans, "Materials and Processes" in Metz, "Fluidics" in Poitiers, "Computational Mechanics" in the Paris region, "Vibro-Acoustic-Tribology" in Lyon, "Competitive Intelligence" in Bordeaux, "OpenLab Design" in Paris and Nantes, "Biology-Chemistry-Physics" in Paris, "Efficient Omnivorous Engines and Biofuels" in Rio de Janeiro, Brazil, "Multimodal Perception and smart vehicles" in Beijing, "Vibro-Acoustic and Tribology" in Beijing, "Optoelectronic devices for automotive" in Wuhan, "Energy Storage" in Shanghai and "Human Machine Interface and Accidentology" in Shanghai, China.
- Academic chairs: the "Otherness" chair, the "Biofuels" chair, the "Optoelectronic and Photonic" chair, the "Armand Peugeot" chair, the "Robotics and Virtual Reality" chair, the "André Citroën" chair and the "Mobility and Quality of Life in urban environments" chair, the "Air quality in town" chair inaugurated in 2014.
- PSA has also reaffirmed its ambition to develop autonomous vehicles that are in line with tomorrow's uses. In this perspective, since the beginning of November 2014, it has joined a new international research chair for the automotive and aeronautic industries, created by the MINES ParisTech engineering school, in partnership with the manufacturers Valeo and Safran. This Chair, named "Automated Driving – Drive for You" brings together teams from MINES ParisTech's Robotics Centre and international academic partners: Shanghai Jiao Tong University in China, the University of California, Berkeley in the United States and École Polytechnique Fédérale de Lausanne in Switzerland. Supported by the MINES ParisTech Foundation, with the manufacturers, including PSA, contributing €3.7 million in funds, the chair will work for five years on the topic of automated driving to:

- expand knowledge of self-driving vehicles;
- develop intelligent onboard systems;

- get self-driving vehicles on the road on three continents (Asia, the United States and Europe).

The StelLab network is present in Switzerland, Singapore and Spain, with the StelLab@EPFL (Polytechnique Lausanne), StelLab@Singapore (Hanoi University of Science and Technology) and StelLab@Vigo (CTAG, Galician Automotive Technology Centre) innovation units.

In October 2015, the StelLab network organised its annual seminar at the University of Paris-Saclay (Centrale Supélec campus). The event was attended by representatives of all the OpenLabs, academic chairs and innovation units. This year's focus was on the involvement of PSA at the University of Paris-Saclay through the three OpenLabs and two academic chairs. A panel discussion on the Open Innovation programme in industry offered PSA the opportunity to compare its practices with those of other industry leaders such as Alstom, Airbus and SNCF. A brainstorming workshop was also organised to find ways to optimise the cross-disciplinary work conducted between OpenLabs and chairs at the StelLab.

On 25 January 2016, the Group announced that the StelLab network was now operating in Africa, with the launch of an OpenLab in Morocco built with five Moroccan universities, two American universities with academic partnerships with Morocco, an École Centrale engineering school based in Morocco and a technology transfer centre at the International University of Rabat. This OpenLab, called Sustainable Mobility for Africa, will develop a research programme over four years to explore sustainable mobility systems with three main focuses: electric vehicles of the future, renewable energy, logistics of the future. The programme will draw on the scientific and business expertise of PSA, the expertise of university partners and the technology platforms available in Morocco.

Innovation Scientific Meetings: where the academic and industry ecosystems meet

The Group contributes to the StelLab network's activities by organising Innovation Scientific Meetings (*Rencontres Scientifiques Innovation*) that bring together universities, engineering schools, research laboratories, spin-offs, start-ups and SMEs. They enable participants to:

- discover ground-breaking techniques;
- pool their knowledge;
- learn about new societal trends;
- initiate new partnerships;
- increase innovative capacities and contribute to enhancing the Group's competitive edge.

In 2015, six conferences were organised around topics with strategic value for the Group: ADAS (Advanced Driver Assistance Systems), video recognition, electric vehicles and their integration into transport networks, 3D printing and additive manufacturing, bio-sourced polymers and drones and their potential services.

Open Innovation institutions and companies: the Partners Plan

The "Partners Plan" is part of the Group's Open Innovation process. It is one of the priority action plans of the Innovation and Advanced Technologies Research Department which attests to the importance placed on building sharing, collaborative and mutually beneficial relationships with outside partners in order to prepare the Group's future innovations.

The partners are from different backgrounds: scientific (universities, laboratories), technology clusters or bodies (e.g. IFP, CEA), technology partners including non-automotive (EADS, SOLVAY, as well as SMEs and start-ups), and lastly, PSA's automotive equipment suppliers.

- The Group has been working for many years now with partners such as IFP/Énergies Nouvelles, CEA (Atomic Energy Commission) and Électricité de France.
- From 1999 on, the Group adopted an innovative approach in terms of co-innovation with Tier 1 automotive equipment manufacturers: PSA has signed veritable framework agreements with a dozen core equipment manufacturers (Bosch, Continental, Delphi, FAURECIA, Valeo, etc.) to simplify the contractualisation of exchanges of information and work, to define governance and the methods for managing the relationship. In this way, the two partners can identify common issues far upstream, take appropriate action and track their progress up to the industrial development phase. This shared innovation approach is consolidated by all the "strategic" suppliers. In 2015, the Group teamed up with Bosch to jointly develop a blind-spot detection system using ultrasound sensors. This solution is particularly economical compared with other systems designed with radars or cameras to promote safety for a greater number of consumers.
- At the same time, to more effectively address the challenges the auto industry is facing with fast changing technologies and markets, the Innovation and Advanced Technologies Research Department has decided to extend and step up external partnerships with core industrial groups (EADS, SOLVAY-RHODIA) as well as with SMEs, start-ups and spin-offs.

Open Innovation institutions

The momentum of Open Innovation reinforces the importance of networks in order to cooperate more extensively with different types of players. In this way, PSA is an active member of competitiveness clusters in the automotive industry (MOV'EO, Véhicule du Futur, ID4car) which promote the emergence of collaborative projects, the establishment of links with SMEs and start-ups and the meeting of potential new partners. For example, with the MOV'EO cluster, targeted research actions are regularly carried out by companies on the Group's innovation needs. An example is the creation of an Open Innovation community on the design of human-machine interfaces which today has nearly 80 multidisciplinary members (research engineers, ergonomists, designers, etc.) with the aim of sharing their vision of the future with respect to interfaces in tomorrow's car.

The Group also strengthened its relations with innovation networks outside the automotive industry (e.g. textiles and equipment).

Open Innovation companies

In order to become more agile and to seize new scientific, technological or business opportunities as early as possible, the Group involves SMEs, VSEs, start-ups and companies from different areas in the innovation process.

In 2013, the Group established the bases of the partnership strategy for SMEs and VSEs: adaptation of innovation contracts specifically dedicated to exploration phases and setting up of personalised coaching to support small businesses that wish to work with the Group in the very early stages of Innovation.

To develop new partnerships, in January 2014, PSA created an SME partner portal called Innovating with PSA, that can be accessed from its website. The portal presents a regularly updated selection of the Group's needs with respect to technological innovations and services. SMEs, VSEs and start-ups can submit their proposals and establish qualified, quick and simple contact with the Group's experts. After a preliminary analysis of each proposal, the next phase comprising a more in-depth study may be engaged and possibly lead to a new partnership.

In 2015, PSA initiated several Open Innovation programmes with its partner networks and competitiveness clusters in France and abroad:

- with the Mov'eo competitiveness clusters, an Open Innovation challenge was launched in January 2015, with 14 SMEs and about 60 Group projects participating, including technical experts and specialists in driver assistance systems, engine architecture, human-machine interfaces and connectivity and representatives from purchasing and intellectual property;
- in collaboration with Paris&Co, a call to innovation was organised in June 2015 to find solutions and partners (SMEs and start-ups) focusing on the vehicle interior, human machine interfaces, infotainment and air quality inside vehicles;
- taking an outward-facing approach, it launched an international, multi-partner call to innovation in September 2015 in the Seat Comfort and Equipment categories. To gain access to new expertise, different industries were asked to take part in the initiative along with clusters and networks, including the automotive, textile and equipment sectors, along with the Group's Innovation units and SMEs and start-ups based in Spain, Switzerland, Latin America and Singapore. This was the first time the Group had organised an Open Innovation initiative. The call to innovation process was divided into two phases:
 - at the Grande Armée registered office on 29 September, PSA presented the positioning of three brands and outlined their expectations and innovation focuses to provide the SMEs, start-ups and representatives from partner networks with a better understanding of the Group's needs,
 - on 18 November, the pre-selected companies in turn pitched their innovations to the Group teams. The proposals were then developed by experts before the final selection to initiate collaboration.

Boosting innovation with start-ups

In 2015, PSA continued to develop its partnership with EuraTechnologies to bring together the business accelerator's start-ups on developing projects in digital technology and mobility.

The partnership is based on a number of joint initiatives aimed at:

- promoting exchanges between PSA and entrepreneurs;
- initiating new projects focused on connected-vehicle solutions and mobility;
- organising joint events such as hackathons, calls for projects;
- facilitating international exchanges.

Employees from PSA will go to the EuraTechnologies centre to meet with French Tech start-ups in the Lille region who are interested in establishing contacts with the Group, and thus become part of the EuraTechnologies ecosystem.

The EuraTechnologies pool of startups will enable PSA to seize business opportunities early on and profit from experiments being conducted by retailers already involved in the ecosystem.

For EuraTechnologies, the alliance is an opportunity for the start-ups to try their innovations out at PSA and host experiments in new urban mobility solutions.

More than 60 start-ups have already established contact with Group departments and business lines. Calls for projects and several innovative projects have been launched, including an interactive sales outlet experience and mobile applications for mobility.

New joint projects will be developed in 2016, focusing on big data, mobility and connected objects.

Projects conducted

For the Group, participation in public/private research partnerships has the advantage of providing access to all project results, including those of partners, thereby providing a leverage effect, and even funding when these partnerships are subsidised by the public authorities.

These collaborative projects are mostly research projects upstream of the development phase:

- the "Car of the Future" programme, under the **"Investment for the Future"** scheme: PSA is involved in several projects on its own via GIE RE PSA Renault in particular through the *Laboratoire d'Accidentologie et de Biomécanique* (LAB) and via the *Groupeement Scientifique Moteur* (GSM);
- the **"Fast Lite"** initiative coordinated by Renault and PSA: projects to support the development of materials & process industries that meet the challenges of producing lighter-weight automotive products by 2018-2020.

The projects are organised around materials segments (composites, metals) and automotive applications (bodywork elements, mechanical parts, equipment).

- the **"Promotion of Research in the Institutes for Technological Research programme"**:

- "M2P" (Metallurgical Products & Process),
- "SystemX" (Digital Systems Engineering),
- "Jules Verne" (Composite Materials);

- officially launched in February 2014, VEDECOM (Carbon-free and Communicating Vehicle and its Mobility) is an energy transition institute (ITE) which represents a unique research ecosystem in France made up of nearly 40 members that form an unprecedented collaboration between companies from the automotive and aeronautic sectors, infrastructure and service operators from the mobility ecosystem, academic and local government research institutions in the Paris region.

This ITE addresses the challenges of the autonomous vehicles and mobility of the future. Its role is to actively drive innovation, research and training applied to transport and responsible mobility. To reach its goal of becoming a European leader, VEDECOM focuses its research on the following three areas:

- electrification of vehicles,
- self-driving cars and connectivity,
- shared mobility and energy.

In the VEDECOM Institute, PSA thus works with aeronautic and IT companies on:

- future hybrid and electric engines (optimisation of the "powertrain", engine + gearbox + steering) and developments around fuel hydrogen (in particular as a complement to battery-operated electric engines whose autonomy will increase),
- the vehicle connected to its environment,
- inter-modal transport, infrastructure, Smart Grids;

In the VEDECOM Institute, PSA thus works with automotive, aeronautic and IT companies and with the academia on:

- future electric engines (cost and efficiency optimisation of the "powertrain": engine + gearbox + steering); developments around alternative charging systems (fast, contactless and dynamic) for electric vehicles,

- the vehicle connected to its environment,
- autonomous vehicles from a technological and scientific viewpoint and in terms of their acceptance by the legal system and society,
- inter-modal transport, infrastructure, "Smart Grids".

Several projects gave rise to demonstrators presented at the ITS World Congress in Bordeaux in September 2015 (autonomous vehicles in use on suburban roads and roundabouts, smart grids, connected vehicles for multi-modal transport), in Versailles in November 2015 (autonomous vehicles for city use), in Paris at the COP21 Climate Conference on the La Villette Basin (smart grid). In addition, an electric engine prototyping workshop took place at the Versailles Satory site, which will allow for short loops between innovative design and engineering and prototype production;

- PSA is also a key player in the **Automotive Industry Platform** (PFA), set up to define and lead actions to boost the French automotive industry.

- Through its R&D operations, the PFA is the only technical and scientific representative in the automotive industry. It supports and promotes joint technical proposals for the industry in the Automotive Technical Committee (CTA), chaired by PSA's R&D Director, and through two councils, the Automotive Research Council (CRA) and the Automotive Technical Standardisation Council (CSTA). In addition to its Industry Technical Positions (PTF), the PFA publishes R&D roadmaps for the industry's technological priorities, explaining the market's forward-looking vision and key technologies to develop to meet the future challenges of the automotive industry.

The main objective of these actions is to steer French R&D towards the right areas that will drive industry leaders and to guide SMEs in the same direction. It supports four key programmes to unify and structure the industry, in which the Group is involved:

- the 2 l/100 km vehicle – one of the 34 plans under the "New Industrial France" initiative and now one of the "ecological mobility" solutions – which aims to develop technological building blocks, available from 2018-2023, and capable of creating breakthroughs for reducing CO₂ emissions at a cost acceptable for customers. This vehicle aims to provide standardised consumption of 2 l/100 km for an affordable vehicle,
- force, a strategic project developed to study and produce an economical carbon fibre in France based on "bio-sourced" precursors. This collaborative, large-scale programme between industry and academia brings together users and producers from several sectors around a shared challenge, reducing the industry's carbon footprint,
- the Autonomous vehicle, a project focusing on its ecosystem, also an "ecological mobility" solution in the 34 initial plans under the "New Industrial France" initiative. The CRA and CSTA are the backbone of this programme for passenger cars,
- VALdriv PLM, which aims to develop a system to manage technical information and related processes and skills enabling all players involved in the product or service life cycle to instantly access the right data at the right time and place, depending on their rights and business lines.

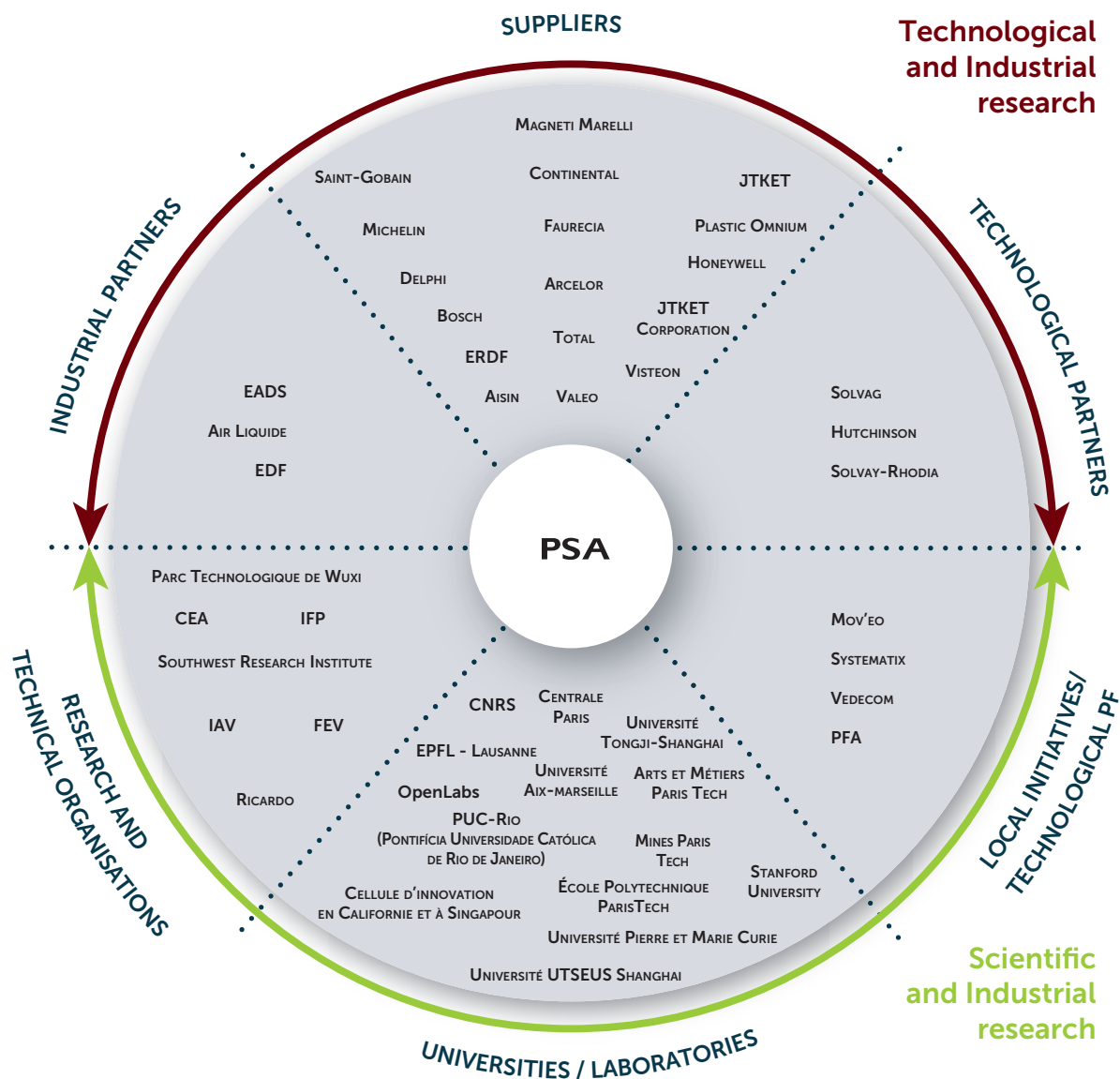
The PFA also provides automotive companies with shared tools for their transport and mobility market watch and for information on volume and analyses aimed at automotive design and manufacturing professionals through a special data sharing platform.

Through a partnership with the Mobility Factory, the PFA plays a full role as a catalyst, coordinator, consolidator and defender

of the automotive industry in defining new mobility solutions involving cars, public transport and goods transport. It ensures that solutions can be deployed from start-ups to small and

medium-sized companies and up to carmakers and equipment suppliers.

The network of PSA's main innovation partners



Open Innovation people: participative innovation

The Group is developing collaborative and participative methods for collecting, analysing, exploiting and transforming the needs identified, new uses, ideas issued and emerging trends in technologies and services.

It thus combines a set of individuals, grouped around an ecosystem, with an innovative process.

The "Open Innovation People" ecosystem brings together the Group's employees, its customers and users of mobility in general. The aim is to make customers adopt innovation, right from the development process.

The Group organised a number of ideas challenges with the aim of inventing the vehicle of the future, innovating in mobility services and finding solutions to reduce the Group's general and administrative expenses.

A challenge was launched in 2015 to reduce spare parts costs. It brought together 3,000 visitors, 500 participants and generated over 400 ideas and 2,000 contributions.

An incubator to "grow ideas"

An incubator was set up in 2015 to support and guide Group employees with innovative and new business ideas. One year after its launch, now with 130 applications, the future looks bright for this initiative.

2.0.2.2.2. Open source

The city on the Move Institute (IVM)

In a society that is increasingly urbanised and networked, mobility is taking on growing importance and has a decisive social, economic and cultural value. Mobility has become a generic right ("the right of rights") because it determines access to other rights (housing, health, work, culture, education, etc.). The quality of the times and places of movement and transportation in which the development of new technologies plays a core role has become a key variable of urban life.

In 2000, the group created and funded this think tank dedicated to research and experimentation in social innovation around the themes of urban mobility and access to mobility. The City on the Move Institute, which brings together scientists, sociologists and urban planning specialists, has become a key player in research and innovation relating to socially responsible and sustainable mobility. The IVM carries out its work in France and throughout Europe, in Latin America and in China. Its findings are used by the PSA Foundation to structure its activities.

PSA allocated a budget of €1 million to IVM in 2015.

Its work on the development potential of new mobility services, particularly in peri-urban areas, have become a worldwide reference for urban planning and transport professionals. The IVM pursues an original approach, working with various stakeholders such as multi-disciplinary academic fields, elected officials from major world cities open to innovation and representatives of the community.

In 2015, the IVM continued its core projects:

■ The Legible City

In France, working with Grand Lyon and UNI-EST and supported by the PSA Foundation, IVM undertook action research for 2013-2016 to design and produce a digital mobility-training kit. It has to be shareable, technically stable, distributable and able to meet the needs of multiple users: municipalities, teachers and trainers, tourism professionals, etc. This product incorporates the most advanced knowledge for digital training.

It was completed in 2015. "The Serious Game" designed with the company Ubisoft was presented at a conference on The Legible City held on 11 December 2015;

■ Passages: transitional space for the 21st century city

This programme launched in late 2012 aims to rethink the issue of the sharing of space between cities and cars and therefore to imagine, through various situations and contexts, how to improve the urban quality of "getting there" by linking architecture, design and local governance. The first international "calls for ideas" were launched in 2014. They involve six trips in a number of cities worldwide.

Three of the demonstrator projects presented at the International Workshop in July 2015 were chosen in Tours, Toronto and Montevideo, while other demonstrator projects in Brazil, Barcelona and Shanghai are being developed.

The competition organised to support the production of six short films, "Filming African Travels", selected its winners. The six film projects are currently shooting and are planned for release in 2016.

On 1 January 2016, PSA decided to give fresh momentum to the City on the Move Institute by signing the merger with the VEDECOM Institute, a partnership foundation that supports and conducts basic and applied research into sustainable transport solutions.

Mobility is not just a transport issue. It's above all a social issue. Innovation in this area must be understood from all sides – technical, social, organisational and cultural.

The IVM will bring sociological and anthropological elements and expertise on day-to-day use to VEDECOM's applied research, sharing a focus on long-term thinking and the concrete application of innovative solutions for tomorrow's mobility.

The integration of the IVM into VEDECOM will lead to new projects, in this day and age when the explosion of digital and new technologies is forcing organisations dealing with mobility issues to work on multiple scenarios at the same time.

2.1. GREENHOUSE GAS EMISSIONS

G.22 G.32 G4-DMA G4-EN7 G4-EN17 G4-EN27

From the design phases and at each stage in its life cycle, Group teams work with teams from FAURECIA to limit the vehicle's environmental footprint as much as possible by controlling fuel consumption, CO₂ emissions, and pollutants, and through the controlled use of natural resources, by improving recyclability, etc. In addition to ensuring that its vehicles comply with the environmental legislation of the different markets, eco-design also guarantees 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 research to clean technologies to meet the following challenges:

- reducing vehicle CO₂ emissions and fuel consumption;
- making vehicles lighter and more ecological in all respects (consumption, reduced need for raw materials);
- vehicle energy efficiency.

2.1.1. Group strategy concerning CO₂ emissions from vehicles and fuel consumption

G4-EC2

By 2020, the automotive industry should have proven that it can be more energy efficient and environmentally friendly.

In Europe and Brazil, emissions regulations focus mainly on environmental protection. Chinese emission control systems also aim to strengthen the country's 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.

In the decade between 2010 and 2020, regulatory requirements such as the CAFE (Corporate Average Fuel Efficiency) standards will be tightened worldwide and will be reflected in CO₂ and fuel consumption targets:

- CAFE Europe:
 - objective for the average weighted CO₂ emissions of car manufacturers of 130 g/km in 2015 and 95 g/km in 2021 (95 g/km on 95% of the fleet in 2020),
 - the objective set for each manufacturer depending on the average weight of vehicles sold, according to a calculation rule that encourages lighter-weight vehicles,
 - if these objectives are exceeded, a penalty will be applied amounting to €95 per g/km of CO₂ and per vehicle, e.g. approximately €150 million if the Group exceeds the CAFE standard by 1 g/km of CO₂;
- CAFE China:
 - the CAFE objective is 6.9 l/100 km in 2015 and a target of 4.9 l/100 km in 2020 with the same stringent levels as CAFE Europe 2020, taking into account the specific market characteristics,
 - as with Europe, the objective is set according to a calculation rule that encourages lighter-weight vehicles,
 - if the target is exceeded, there will be a suspension of authorisation for new investments, suspension to market vehicles that exceed the thresholds, negative publicity;
- CAFE Brazil, applicable from 2017: if the target is exceeded, locally produced vehicles will be taxed at the same rate as imported vehicles, i.e. 30% more;
- other existing or forthcoming regulations: Mexico, Japan, Korea, Saudi Arabia.

These regulatory or para-regulatory developments are also coupled with the overhaul of CO₂ and fuel consumption measurement procedures at the global level with the World Harmonised Light Vehicle Test Procedure (WLTP cycle). PSA 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.

Tax incentives have been set up in countries like France, the Netherlands, Germany and China, together with fuel efficiency labelling measures for vehicles in Brazil, India and Korea. These programmes are changing consumer behaviour by encouraging the purchase of vehicles with low CO₂ emissions. The vehicle certification process carried out by independent third parties authorises their sale on each of these markets.

To reach these fuel consumption targets, the Group is studying the various levers to be implemented to identify technical solutions with the best cost/efficiency ratio for customers. The Group's current strategy is based on combining:

- a segmented approach by region and main types of private and professional customer, identified by type of use, expectations and budget, and meeting each need with a low-carbon vehicle;
- with a cross-functional approach applied to a smaller portfolio of models equipped with technology that can be rolled out on a global scale to capitalise on research and development investments through high production volumes and offer a broader response to environmental challenges.

As an environmental pioneer and European leader in CO₂ emissions from passenger cars in 2015, the Group is continuing to develop a range of increasingly fuel-efficient, low-carbon cars that continue to meet the growing mobility needs of the individual (access to employment, education, healthcare, etc.) while complying with regulatory standards. This requires 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 equipment and architecture (tyres, aerodynamics and weight);
- 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 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.

Under the "2 l/100 km Vehicle" project initiated by the French government through the Automotive Industry Platform, PSA has raised five challenges to develop the first technological building blocks that can be commercially produced as from 2017 and make the 2 l/100 km car a reality on the market in 2020:

- offer an innovative, efficient and affordable full-hybrid petrol solution, adapted for all types of use with a 30% reduction in fuel consumption;
- reduce the weight of vehicles by using technologies and composite materials until now reserved for motor sports or luxury vehicles together with aluminium and high-tensile steel (by 220 kg excluding the powertrain);

- develop vehicle design and optimise its aerodynamics to reduce drag and improve the vehicle's penetration through the air thanks to a streamlined body style (20% less CdA – air penetration coefficient);

- reduce rolling resistance to boost energy efficiency (by 4 g/km of CO₂) by using high-technology tyres;

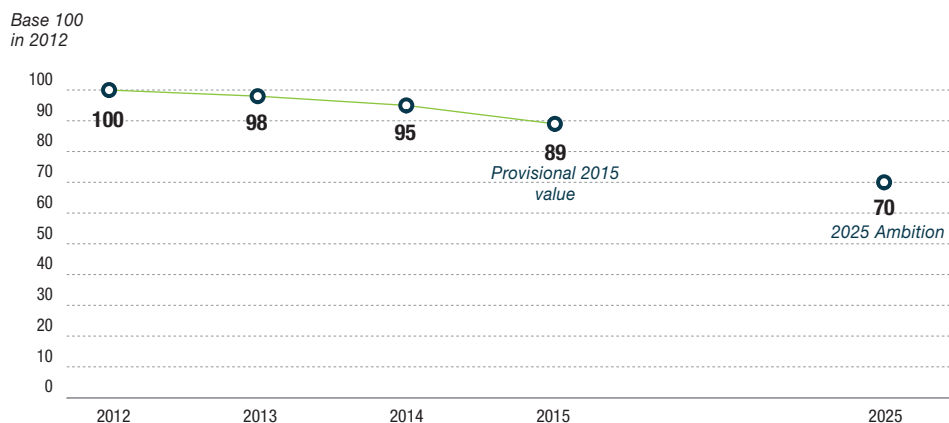
- optimise electric energy consumption to save 2 g/km CO₂.

The advances made in these five areas in developing the Peugeot 208 HYbrid Air 2L and Citroën C4 Cactus AIRFLOW 2L demonstrators has reduced CO₂ emissions by 50%, resulting in a total reduction of 58 g/km of CO₂ and a drop in fuel consumption of more than 1.5 l/100 km.

2.1.2. CO₂ Performance G4-4 G4-8

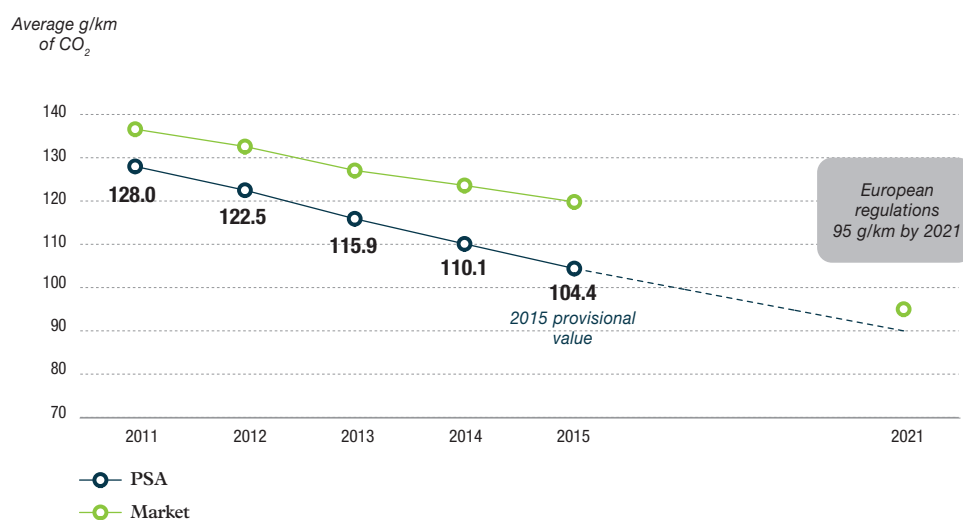
In Europe, after selling over 43% of vehicles with emissions of less than 100 g/km of CO₂ in 2015, the Group is continuing its efforts with the target of a 30% reduction in the average emission level of its vehicles sold worldwide between 2012 and 2025.

CO₂ trend of the Group worldwide

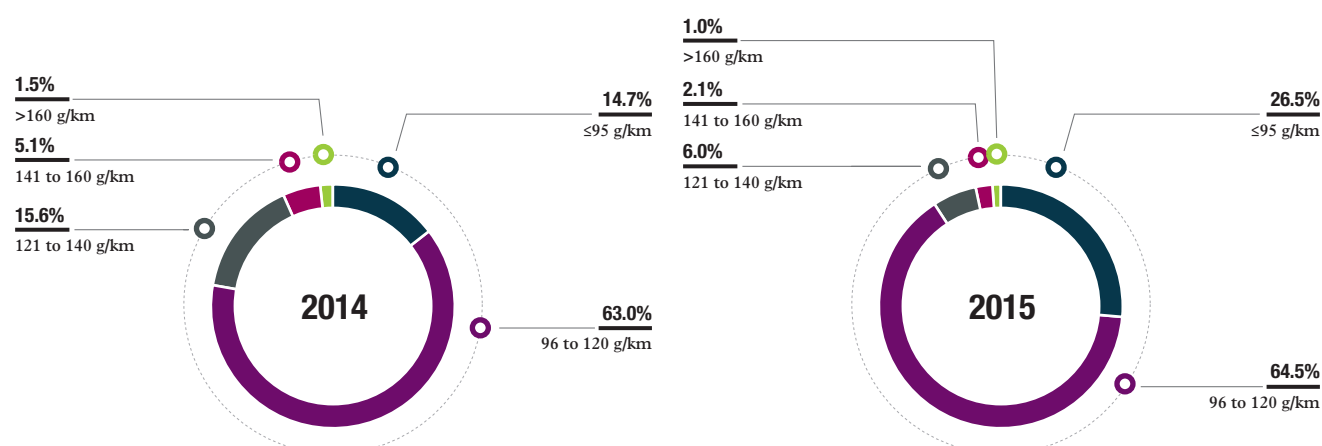


To consolidate its environmental leadership, PSA aims to systematically offer:

- for the highest-selling models in the main segments, one of the top three cars for CO₂ emissions;
- vehicles with ground-breaking fuel consumptions, but that still deliver superior features and equipment.

CO₂ trend of the Group in 22-country Europe (PC)Breakdown of PSA sales by CO₂ emissions

(Passenger car registrations in EU-22, i.e. EU excluding Greece, Cyprus, Malta, Bulgaria, and Romania)



In 2015, the Group was the leader in EU-22 with average CO₂ emissions of 104.4 g/km compared with 110.1 g/km in 2014, representing an increase of more than 5% in a market that rose 3% at 119.8 g/km. 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.

The Group is the market leader in the segment of vehicles emitting less than 95 g/km, with 22% market share (595,000 PSA passenger car vehicles registered).

The Group thus places some of its models in first place in their segment in Europe in terms of CO₂ emissions:

PSA MODELS WITH LOWEST CO₂ EMISSIONS

	BEST CO ₂ IN CLASS		
	Petrol	Diesel	Hybrids
B sedans	Peugeot 208 1.6L BlueHDi 100: 79 g/km Citroën C3 BlueHDi 100: 79 g/km DS 3 BlueHDi 100: 79 g/km		
B-CUV	Citroën C4 Cactus PureTech 82: 98 g/km Peugeot 2008 1.2L PureTech: 99 g/km		Citroën C4 Cactus BlueHDi 100: 82 g/km
C sedans	Peugeot 308 1.2L PureTech 110: 95 g/km Peugeot 308 1.6L BlueHDi 120: 82 g/km		
C-SUV	Citroën C4 Picasso BlueHDi 120: 94 g/km Peugeot 3008 HYbrid4: 90 g/km		

Note: in tests by an independent organisation CO₂ emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission Group (MVEG) test procedure which covers a route including both city and motorway driving modes. The measured emissions are then calculated per kilometre, providing a basis for determining consumption by fuel type. The resulting data enable consumers to compare the performance of vehicles offered by different brands.

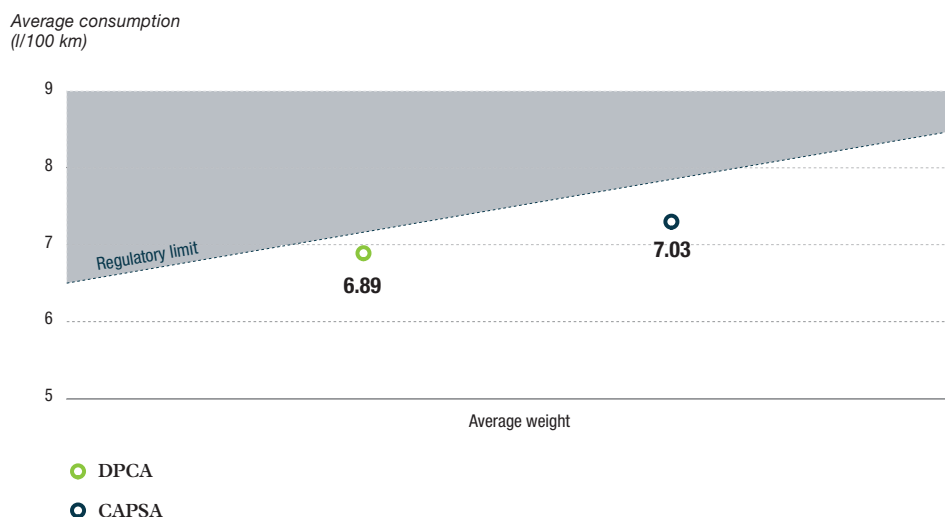
This European approval test, which dates from 1992, is widely recognized as not reflecting real-world driving. Like any laboratory test, it gives rise to optimisations, which the regulators are aware of but which have been criticised by independent bodies. These optimisations, including unequal electrical energy balance (battery charge levels, etc.), will no longer be accepted by the new WLTP test.

In order to continuously strengthen the trust built with its customers, PSA agreed at the end of 2015 to work with the NGO Transport & Environment to measure and publicise real-world fuel economy figures as a first step by the spring of 2016. The procedure will measure the fuel economy of its main models with tests on open public roads near Paris in real driving conditions, with segments to include urban, extra-urban and highway driving. The procedure will be included in PSA's Quality processes. The process, its correct execution and the tests results' measurement will be audited and validated by an internationally recognized independent third party.

PSA also took the initiative to implement technical guidelines for early compliance with the future WLTP procedure, starting with a zero electrical energy balance required to approve all new vehicles and engines.

The position of the Group's joint ventures in China

The Group's two joint ventures in China, DPCA (DONGFENG PEUGEOT CITROËN AUTOMOBILES) and CAPSA (Changan PSA Automobiles), show average consumption (Corporate Average Fuel Consumption or CAFC, measured in l/100 km depending on the regulation) of 0.4 l/100 km and nearly 1.0 l/100 km respectively lower than the Chinese regulatory limits.



DPCA also features several highly fuel-efficient vehicles eligible for the bonuses offered for Energy Saving Vehicles (ESV) with a threshold of 5.9 l/100 km: Peugeot 308S and 408 with EB Turbo PureTech and EP Turbo engines and Citroën C4 L with an EB Turbo PureTech engine.

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: deployment of 3-cylinder EB PureTech engines, fourth-generation automatic transmissions, EMP2 (Efficient Modular Platform 2) and CMP (Common Modular Platform) light platforms and continuous improvement levers in all areas of the vehicle.



ECONOMIC INSIGHT

Environmental innovations relating to the product, which make it possible to reduce fuel consumption and CO₂ emissions are essential for two reasons:

- the need to control operational risks (non-approval of vehicles) and financial risks (payment of fines, increase in taxes) in case of non-compliance with the fuel consumption or CO₂ emission thresholds set by regulations in the various Group markets. The annual risk for a group of PSA's size is a shortfall of €1 to 2 billion in the event of a failure to obtain approval. It is estimated that nearly 30% of China's automotive market will be subject to stringent emissions and consumption requirements, compared with 13% in 2015;
- sales development opportunities: the Group's new environmental technologies are in line with changes in consumer expectations. Vehicles that emit less than 100 g/km of CO₂ already accounted for more than 43% of the Group's sales volumes in 2015. PSA's strategy is based on deploying plug-in hybrid powertrains – which could reach up to 4% of the market depending on the region between now and 2020, generating 4% to 5% in additional revenue for the Group – and electric vehicles.

The Group's strategy is to take full advantage of the market opportunities generated by the combined effect of consumer preference for flexible and efficient mobility and stricter environment standards. The Group is reducing its product diversity to focus on developing environmentally-friendly technologies that can be applied on a large scale and that boast the dual advantage of capitalising on research and development investments through high production volumes and having an environmental impact on the emissions of the entire fleet.

Advances in clean technology have also had a favourable economic impact for customers. For example, the improved environmental performance of the PureTech engine saves a B2B customer in France about €170⁽¹⁾ a month in the costs of vehicle use compared with the previous model of the same car. The tax on company cars and fuel consumption account for a significant share of the total cost of ownership.

2.1.3. Internal combustion engines G.22 G.29 G.32

PSA is continuing to optimise diesel and petrol internal combustion engines in all geographical regions, to reduce fuel consumption and therefore reduce CO₂ emissions.

The Group implements 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), sometimes combined with turbocharging, thereby reducing fuel consumption while maintaining performance levels;
- increasing torque while reducing maximum power, thus 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 vehicles, particularly since the 2012 deployment of 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.

⁽¹⁾ Passenger vehicle comparison between a Euro 5 standard Citroën C4 petrol engine 120 hp and a Euro 6 standard 130 hp model based on annual mileage of 30,000 km and a fuel price of €1.40/l.

VEHICLE SALES BY GEOGRAPHICAL AREA AND BY FUEL TYPE

		China and ASEAN	Eurasia	Europe	Asia Pacific	Latin America	Middle East-Africa	Total
Petrol (and LPG)	2015	733,231	8,278	622,689	13,725	116,230	51,687	1,545,840
	2014	740,361	30,886	530,038	14,956	163,880	57,535	1,537,656
	2013	563,289	54,021	480,624	15,398	249,213	89,398	1,451,943
Diesel	2015	2,717	3,719	1,231,946	10,054	40,848	128,448	1,417,732
	2014	2,246	12,943	1,216,292	7,388	35,989	111,754	1,386,612
	2013	1,666	20,374	1,124,989	5,515	53,458	137,483	1,343,485
Hybrid	2015		3	5,714	1		70	5,788
	2014	8	1	12,246	6		102	12,363
	2013	10	3	21,867	49		154	22,083
Electric	2015			3,628	9		2	3,639
	2014			2,268				2,268
	2013			1,184				1,184

2.1.3.1. REDUCING DIESEL ENGINE FUEL CONSUMPTION AND EXHAUST EMISSIONS

The Group 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 CO₂ emissions.

In a global market where internal combustion engines will still be predominant in 2020, PSA is continuing to develop its HDi technology. At the same time, it is more broadly deploying its e-HDi (Stop & Start) technology. In late 2013, the Group unveiled BlueHDi, a new exhaust stream that drastically reduces nitrogen oxide (NO_x) emissions and further improves the level of CO₂ emissions (by as much as 4% compared with the previous generation of diesel engines). Bringing the NO_x emissions of diesel engines to the level of petrol engines, the Group has designed this unique technology that complies with the Euro 6 standard, all the while maintaining the inherent advantages of diesel engines in terms of CO₂ emissions and fuel efficiency.

The Peugeot 208 1.6-litre BlueHDi 100 S&S, Citroën C3 BlueHDi 100 BVM and DS 3 BlueHDi 100 BVM are the global benchmarks for internal combustion engine production models, with average standardised combined-cycle consumption of 3.0 l/100 km and emissions limited to 79 g/km of CO₂. In April 2015, a Peugeot 208 1.6-litre BlueHDi 100 S&S set a long-distance fuel consumption record under the supervision of UTAC. The vehicle covered 2,152 kilometres on 43 litres of diesel, an average fuel consumption of just 2.0 l/100 km. The consumer association Consumers Korea honoured the new Peugeot 308 1.6-litre BlueHDi with the Energy Winner Award in the energy technology category. This performance confirms the technological excellence of the Euro 6 BlueHDi diesel engines and their contribution to reducing CO₂ emissions.

2.1.3.2. REDUCING PETROL ENGINE FUEL CONSUMPTION AND EXHAUST EMISSIONS

In under ten years, PSA will have renewed its entire range of petrol engines, in line with its objectives to reduce CO₂ emissions in Europe as well as in other core markets such as China and Brazil.

At end October 2013, the Group launched the EB Turbo PureTech engine, a 3-cylinder, 1.2-litre petrol engine that combines reduced dimensions and weight for benefits and performance unprecedented for this level of displacement. This new engine reduces CO₂ emissions by 18% compared with the four-cylinder atmospheric engines that it replaces. In June 2015 the EB Turbo PureTech received the engine of the year award in the 1-litre to 1.4-litre category at the 17th International Engine of the Year Awards organised by the British magazine Engine Technology International.

This engine completes the modular family of 3-cylinder PureTech petrol engines (1-litre and 1.2-litre) with many high-tech features unveiled by the Group in 2012, ranging in power from 50 to 100 kW and offering petrol-engine vehicles that emit less than 100 g/km of CO₂ in the naturally aspirated version and less than 110 g/km with the turbo engine.

Since 2006, PSA has marketed the EP 1.4-litre and 1.6-litre range of four-cylinder petrol engines, which were named engine of the year eight times in their category by the jury of Engine Technology International.

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

These new developments take into account the specific expectations of the main markets:

- flex fuel models for the Brazilian market;
- the deployment in China of these new engines will enable the Group to meet its targets to reduce the CO₂ emissions of its vehicles on this market.

Lastly, hybrid engines are now firmly established with a petrol Stop & Start offering launched in 2013, which is being deployed on all petrol engine ranges and will be followed by a hybrid offering.

2.1.3.3. CHANGE OF GEAR BOXES

The Group continuously improves its powertrain by focusing on two main areas.

The first is the performance of gear boxes. The next steps in this area include:

- a mid-range manual six-speed gearbox (MB6), set for release in 2016-2017;

- a new-generation automatic eight-speed transmission to follow on from the AT6 III and AM6 III gearboxes – whose performance has helped reduce total powertrain consumption by 15% since the end of 2013 – set for release in 2018-2020.

The second area involves adapting the powertrain (i.e., gear ratios, gear ratio change strategies, compatibility with Stop & Start), to take maximum advantage of improvements to engines, and operate under optimum conditions of fuel consumption.

2.1.4. Alternative fuels G.22 G.29 G.32

Another way to reduce a vehicle's carbon footprint is to use fuels other than petrol and diesel, such as natural gas, LPG and biofuels. PSA 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.

2.1.4.1. NATURAL GAS

Compressed natural gas (CNG), which is comprised mainly of methane (CH₄), is also among the energies used by PSA vehicles in markets where local conditions are conducive to its development (secure gas supply, political commitment to set up a distribution network and tax incentives), such as in Argentina, China and the Middle East. Using CNG also helps to reduce CO₂ emissions by around 20% compared with conventional petrol engines (in a global approach of tank-to-wheel calculation).

2.1.4.2. ETHANOL AND FLEX-FUEL VEHICLES

PSA has developed vehicles based on flex-fuel technologies, that can run on ethanol/petrol blends in variable proportions: for example between 20 and 100% of ethanol in Brazil, the largest market in the world for this fuel and flex-fuel vehicles. In 2015, a flex-fuel version of the latest 1.6-litre EP engine launched in Europe was released on the Brazilian market. The new vehicles equipped with these engines will benefit from a double reduction in their consumption (and therefore their CO₂ emissions) not only because of the technological choices made, but also because of the use of renewable bioethanol.

2.1.4.3. BIODIESEL

All the Group's diesel vehicles can run on B10 (a blend with up to 10% of biodiesel) and B30, provided that the fuel is of high quality and the vehicle is maintained accordingly. The Group is participating in various studies on the development of biofuels and is also involved in developing standards to ensure the minimum quality levels required to meet the technical requirements of engines and to ensure consumer satisfaction. The Group is also a member of the steering committee of the European Biofuels Technology Platform.

2.1.4.4. ADVANCED BIOFUELS

Envisaging a wider use of biofuels, without detracting from their positive social and environmental impact, requires the development of so-called "advanced" biofuels. These can be made from the conversion of biomass (the entire plant, non-food crops, organic waste) and microalgae. PSA is contributing to this process by participating in research projects and trials. For example, it has partnered with the Federal University of Parana in Curitiba (Brazil), to produce a lipid biofuel based on micro-algae. It also worked for a long time on the French project Shamash.

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

PSA is also taking part in the creation of a laboratory of excellence with the Catholic University of Rio (the PUC) and has set up a partnership with the Petrobras oil company to reduce CO₂ emissions while optimising combustion based on local biofuels. The Group has signed a partnership with FAPESP, an organisation of the State of São Paulo, aimed at creating a research network on engines and biofuels for a ten-year period.

2.1.5. Deployment of micro-hybrid, hybrid and electric vehicles G.22 G.29 G.32

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 CO₂ emissions. The deployment of Stop & Start solutions, hybrids or "zero-emission" electric vehicles (ZEV) must enable the Group to consolidate its position in the low-carbon vehicle segment in Europe, and extend its expertise to other markets.

Solutions	Potential of reduction of CO ₂ emissions
Stop & Start Technology	5%
Hybrid vehicles	15%
Plug-in hybrid vehicles	65%
Electric vehicles	100%
Fuel cell vehicles	100%

2.1.5.1. 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 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.

Introduced by the Group in 2004, this technology is now deployed across almost the entire fleet of PEUGEOT, CITROËN and DS vehicles in Europe and more than 20% in China. The Group's strategy consists in extending deployment to all geographical areas, by combining it with recent advances in diesel and petrol engines as well as innovative technologies for managing vehicle electrical consumption.

2.1.5.2. HYBRID VEHICLES

The Group's hybrid-diesel technology, called HYbrid4, represents a core breakthrough in terms of fuel efficiency and CO₂ emissions on the European market with a gain of 30% compared with the equivalent HDi diesel model and emitting less than 100 g/km of CO₂. It benefits from the low consumption of HDi diesel vehicles on the road and motorway and the advantage 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, 508 RXH and 508 HYbrid4 and the DS5 HYbrid4 have been equipped with this technology combined with the 2.0 litre diesel engine since early 2012.

In 2013, the Group also unveiled a new technology, Hybrid Air. This new type of powertrain has a petrol engine, a compressed-air energy-storing device, a combined engine/hydraulic pump and automatic transmission with a planetary gear box. The efficiency may be as much as 45% more than a conventional engine depending on traffic density.

This innovative full-hybrid petrol solution was installed on two "2 l/100 km" technological demonstrators, the Peugeot 208 HYbrid Air 2L and Citroën C4 Cactus AIRFLOW 2L.

At the same time, the Group is studying possible applications of technologies likely to significantly reduce CO₂ emissions, such as the development of very economical hybrid solutions that will enable it to propose low-emission vehicles that can be afforded by the large majority of customers.

2.1.5.3. PLUG-IN HYBRID VEHICLES

The Group is developing a plug-in hybrid powertrain coupled with a petrol engine to support its global growth. It will be available on high-end vehicles (SUVs and sedans) after 2018 and will contribute to global compliance with future emissions regulations.

It will enable emission thresholds of under 50 g/km of CO₂, i.e. 2 l/100 km in all areas and will run 50 km in fully electric mode in city and suburban environments.

2.1.5.4. ELECTRIC VEHICLES

The Group is working on both extending its range of electric vehicles and the related mobility services and developing technologies to boost vehicle performance.

■ The range of electric vehicles: the pioneer of the electric vehicle, since 2010, the PSA has sold 18,700 electric vehicles throughout the world, thanks to its product range that covers private cars as well as LCVs: Peugeot iOn and Partner, Citroën C-Zéro and Berlingo. In 2015, PSA also signed a strategic partnership agreement with Bolloré group to develop their shared interest in sustainable mobility. At its manufacturing plant in Rennes, the Group set up an assembly workshop that can build up to 3,500 vehicles per year. In September 2015, the site began producing the Bluesummer, an electric vehicle designed by Bolloré and distributed through Citroën dealerships. The Rennes plant will also build the Citroën e-Mehari, an electric four-seat convertible scheduled for commercial release in France in the spring of 2016. This vehicle is powered by lithium metal polymer batteries developed by Bolloré, giving it a city driving range of 200 kilometres. In the longer term, the Group will work with DONGFENG MOTOR to develop a future electric vehicle, built using their joint Common Modular Platform (CMP). The new B- and C-segment vehicles are planned for release in 2020.

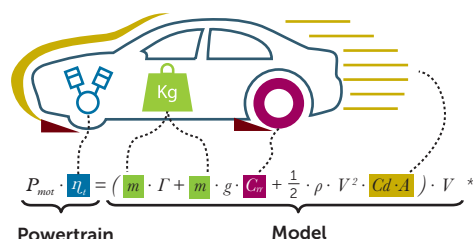
■ Electric mobility services: the Group's electric vehicles are used by many urban carsharing services set up with municipalities and private partners in several major European cities (see section 2.5.1). The agreement with Bolloré Group also covers the development of a car sharing partnership in Europe. A joint venture will be set up to expand car sharing worldwide using electric passenger and commercial vehicles and low-emission combustion vehicles.

■ **Electric technologies:** On 20 January 2016 in connection with the World Economic Forum in Davos, the Group announced an innovative research and development initiative focusing on electric vehicle components through a joint venture formed by PSA, the French SME Exagon Motors, Investissement Québec and IndusTech, the Hydro-Québec subsidiary. Its first mandate will be to conduct a pre-feasibility study estimated at \$30.8 million. In its first stage, the study could lead to the development

of components for high-performance electric vehicles. PSA would bring its expertise in integrating these components into vehicles, becoming the main customer, and then distribute them worldwide. This partnership illustrates the Group's strategy to strengthen its technological advances. It also highlights PSA's drive to develop components for high-performance hybrid and electric vehicles.

2.1.6. Optimisation of vehicle equipment and architecture G.22 G.29 G.32

Over and above its engine, fuel and hybrid technologies, PSA is optimising vehicle features in order to position itself as a leader in reducing fuel consumption and CO₂ emissions. The Group is using all the technical levers that contribute to reducing CO₂ emissions: vehicle mass, aerodynamics and architecture, materials, tyre rolling resistance, electric management and the various comfort, safety and driver assistance systems.



Physical size	CO ₂ gain (on NEDC cycle)
Powertrain energy efficiency η_e	+10% $\eta \rightarrow -10$ g/km
Weight m	-100 kg $\rightarrow -8$ g/km
Rolling resistance C_{rr}	-1 kg/t $\rightarrow -2$ g/km
Aerodynamics $C_d \cdot A$	-0.05 m ² CdA $\rightarrow -2$ g/km
Electrical consumption	-100 W $\rightarrow -2.5$ g/km

* The powertrain provides the power equivalent to the sum of the power consumed by vehicle acceleration, tyre friction, drag and electrical load.

Taking into account how these levers interact, PSA is striving to guarantee overall vehicle analyses that are consistent and compatible with the various requirements of markets where the Group is present (cost, consumer appeal and features, etc.).

The Group will keep its competitive advantage through significant technological efforts as well as by an on-going search for the right balance of sizes, optimised weight and highly attractive features such as spaciousness, comfort, road-holding and accessories.

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 geographical areas.

2.1.6.1. PLATFORMS

At the end of 2013, the Group launched a new-generation Efficient Modular Platform (EMP2) designed to cover all body styles worldwide in the C and D segments. It offers an entire range of high-performance solutions:

- modular design that allows components to be cross-functional and volumes to increase considerably;
- breakthrough gains in weight (average reduction of 70kg) and consumption (average drop in consumption of 22%, combined with other levers on powertrains and vehicle body styles);
- technological choices that contribute to improving services;
- technical compactness for more creative expression in exterior styling and improved aerodynamics.

The new vehicles developed using EMP2 are leaders in their segment in Europe, including the Peugeot 308 1.6-litre BlueHDi 120 BVM6 at 82 g/km of CO₂ and the Citroën C4 Picasso 1.6-litre BlueHDi 120 S&S at 94 g/km.

In April, PSA announced that it would co-develop with DONGFENG MOTOR a global platform for B- and C-segment vehicles to serve the PEUGEOT, CITROËN and DS brands. This new Common Modular Platform (CMP) will cost €200 million. The Group will cover 60% of the investment and DONGFENG MOTOR the remaining 40%.

PSA will use this CMP to produce vehicles in the regions of expansion. For China and ASEAN countries, CMP will benefit from the knowledge of DONGFENG MOTOR's supplier base to work towards meeting the ambitious cost-cutting targets in highly competitive segments.

CMP will offer high-performance solutions in terms of modularity, versatility, equipment and reduction of CO₂ emissions.

2.1.6.2. EQUIPMENT

Overall vehicle energy efficiency also means optimising constituent components and sub-assemblies: tyre rolling resistance, losses through mechanical friction (brakes, bearings, bushings, etc.), power consumption (sensors, actuators, motors), air-conditioning system.

Furthermore, there are eco-driving services that can help drivers to optimise their vehicle use.

In 2014, the Group developed a service on the Peugeot 208, 2008 and 308, the new 508 and Partner and the Citroën C4 Cactus, C4 Picasso and C5 that enables customers to access statistics about their trips through a simple and intuitive interface. Link MyPeugeot and Link MyCitroën use a Bluetooth connection with the vehicle's touchscreen to transmit vehicle information when the engine is switched off. In this way, customers can optimise their consumption on trips by comparing them.

Connect Packs, launched by Peugeot in 2015, assess driving style based on seven criteria – acceleration, braking, engine speed, use of Stop & Start, average speed, engine temperature, slope – to offer the driver personalised tips. CITROËN and DS plan to launch the service in early 2016.

The Group has several programmes for business fleets. Peugeot Green Connect, in partnership with Mobigreen, promotes eco-driving techniques by way of an e-learning module offered on a dedicated website combined with on-road training in these techniques. Peugeot Connect Fleet, allows businesses to track changes in fuel consumption, CO₂ emissions and odometer readings for each fleet vehicle using an online management tool.

PSA unveiled its Eco-adaptive Cruise Control System, one of its innovations for the connected vehicle, at the 2015 ITS World Congress in Bordeaux. This global event features the latest innovations in Intelligent Transportation Systems (ITS). Eco-adaptive cruise control is a function in which the vehicle adjusts its speed to optimise its fuel consumption and reduce its CO₂ emissions using data from the navigation system, other vehicles (Car2Car) and infrastructure (Car2I) and environmental sensors such as cameras and radars.

2.1.6.3. WEIGHT

Already a market leader in terms of average vehicle weight, the PSA continues to develop more lightweight vehicles, making this a major lever in reducing their environmental footprint. The current technical deployment plans will enable reducing the weight of vehicles by more than 100 kg compared with current models.

At the same time as the Group is optimising its vehicle architecture, it is also focusing on the choice of materials. High-tensile steel is preferred because of its superior rigidity. However, whenever technically feasible and cost effective, weight is being reduced by choosing lower-density materials, such as aluminium, composite materials and thermoplastics 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.

For example, the Peugeot 208 introduced in 2012 weighs 110 kg less than the Peugeot 207. The Peugeot 308 and Citroën C4 Picasso launched in 2013 weigh 140 kg less than previous models, and the Citroën C4 Cactus launched in 2014 weighs 200 kg less than a Citroën C4.

2.1.7. Reducing the environmental footprint of refrigerant leakages G.22 G.32

The European Directive 2006/40/EC aims to gradually phase out the use of refrigerants with a Global Warming Potential (GWP) of more than 150 CO₂ eq. This regulation will apply to all models on the market that weigh less than 3.5 tonnes as of 2017.

New types of vehicle produced by PSA since 2011 use refrigerants that meet this regulatory standard. For example, the Peugeot 308, Citroën C4 Cactus, Citroën C4 Picasso no longer use fluoride gas

R134 a. As of 2017, all PSA vehicles on the market will be equipped with these new refrigerants.

In 2008, the Group began carrying out refrigerant leakage inspections to check for substances with a GWP of more than 150 in all its vehicles on the market. A leak of up to 40 g is authorised for a single evaporator and 60 g for a double evaporator.

2.2. AIR QUALITY G.22 G.24 G.41 G4-DMA G4-EN27

An active participant in the debate concerning the public health and environmental challenges related to mobility, PSA has included the issue of air quality in its research and development programmes for many years now: this has enabled it to introduce into its product lines an engine portfolio and technologies that drastically reduce vehicle

emissions, in particular by dividing by 600 the particles emitted between 1992 and 2011, and by reducing NO_x emissions by up to 90% since 2013 with the introduction of the SCR (Selective Catalytic Reduction) solution.



ECONOMIC INSIGHT

The Group deploys **massive R&D investment** into maintaining air quality and reducing greenhouse gas emissions.

These investments, including €621 million to develop powertrains in 2015, have led to the development of a **unique solution** that reduces both fuel consumption and emissions of CO₂, NO_x and particulate matter from diesel engines. This technology, which features the SCR (Selective Catalytic Reduction) system, comes at an extra cost of €200 to €500 per car, but is the most efficient solution and makes no compromise between air quality and fuel consumption.

The PEUGEOT, CITROËN and DS brands have the only vehicles that feature this system.

Environmental innovations relating to the product are essential to control operational risks (non-approval of vehicles) and financial risks (payment of fines, increase in taxes) in case of non-compliance with the fuel consumption or emission thresholds set by regulations in the various Group markets. The annual risk for a group of PSA's size is a shortfall of €1 to 2 billion in the event of a failure to obtain approval or a vehicle recall due to unstable performance.

The palette of existing solutions for improving air quality also integrates existing electric vehicles in the Group's catalogue and those being developed such as plug-in hybrids (PHEV).

2.2.1. Reduction of vehicle atmospheric pollutants G4-EN21

2.2.1.1. EURO X REGULATORY STAGES: FOCUS ON THE LAST THREE STAGES EURO 4, EURO 5, EURO 6

These standards set the maximum admissible levels of regulated pollutants: CO, HC, NMHC, NO_x and particulate matter (based on two criteria: particulate mass (PM) and particle number (PN) since Euro 5).

Euro 5 and Euro 6 (Regulation (EC) No. 715/2007 and Regulation (EC) No. 692/2008, amended by Regulation (EU) No. 2015/45) reduce to very low levels the permitted limits of particulate matter and nitrogen oxides (NO_x) emitted by diesel and petrol vehicles (especially direct-injection petrol technology, with regard to particulate emissions). Under Euro 5 and Euro 6, diesel particulate mass emissions are cut by more than 80% 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 NO_x Euro 5 represents a 30% reduction and Euro 6 a 70% reduction compared to Euro 4.

EXTRACT OF EURO 4, 5, 6 EMISSIONS LIMITS

Measurements at ambient temperature "20°C" for petrol or diesel passenger cars and light commercial vehicles (N1 class 1) – Brussels regulations EC 715/2007 and EC 692/2008 amended by EU regulation 2015/45.

Exhaust emissions at ambient temperature (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 (NMHC)	-	0.068	0.068	-	-	-
THC	0.10	0.10	0.10	-	-	-
NO _x	0.08	0.06	0.06	0.25	0.18	0.08
THC + NO _x	-	-	-	0.30	0.23	0.17
Particulate matter (mass)	-	0.005/0.004 5**	0.004 5**	0.025	0.005/0.004 5**	0.004 5**
Particle numbers	-	-	6' x 10 ¹² part./km ⁽¹⁾ 6' x 10 ¹¹ part./km ⁽²⁾	-	6' x 10 ¹¹ part./km ⁽³⁾	6' x 10 ¹¹ part./km
Durability (km)	100,000	160,000	160,000	100,000	160,000	160,000

* Limits set for particulate matter (mass and number) only apply to vehicles with direct-injection petrol engines beginning with Euro 5.

** 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 0.004 5 from 0.005 g/km. On the same dates: particle number (PN) emission limits will also be introduced, initially for diesel.

(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 diesel beginning on 1 September 2011 for new vehicle types and on 1 January 2013 for all types.

Evaporation emissions	Petrol vehicle, CNG, LPG (g/test)			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: Non-methane unburnt hydrocarbons (with no CH₄) – CO: Carbon monoxide – NO_x: Nitrous oxides.

In Europe, the Group's petrol and diesel-powered passenger cars have complied with Euro 6 since September 2014 for new models brought into the market and since September 2015 for all registered vehicles (one year later for certain vehicle categories).

In the rest of the world, vehicles sold by PSA meet the applicable standards in each local market and benefit from the advanced technologies developed for the European market.

2.2.1.2. ELIMINATING PARTICULATE EMISSIONS WITH THE PARTICULATE FILTER

The Group identified the need to tackle particulate pollution in the late 1990s, and introduced a new generation of diesel HDi engines into the market. These have cut particulate emissions by 60% compared to the previous generation (to 100 g/km from the new HDi engines, compared to 250 mg/km in earlier versions). The Group subsequently equipped this new engine with a high-performance filtration technology, called "diesel particulate filter" (DPF), which it began selling in 2000, more than nine years before Euro 5 standards which made it compulsory from September 2009.

The Group adopted a particulate filter with additive solution, the best option for regeneration efficiency. This solution includes an additive tank, a ceramic filter and sensors. The additive is introduced automatically into the fuel (without the driver needing to do

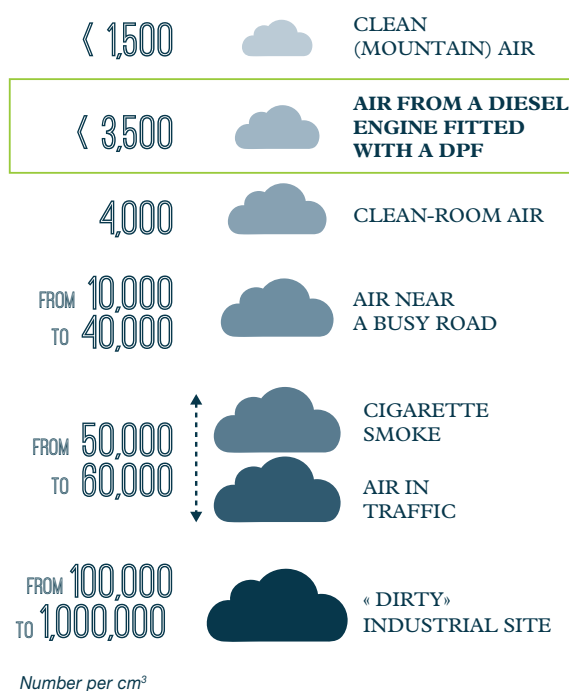
anything). It is an iron based additive, which is wholly captured by the filter and brings down the combustion temperature for soot by a hundred degrees, allowing faster regeneration under all conditions of vehicle use (urban or motorway driving conditions, etc.), unlike catalytic filters.

The additive DPF technology developed by PSA reduces the fraction of NO_x in NO_x, unlike catalytic filters manufactured by the competition.

The particulate filter screens out all fine and ultrafine particles very effectively (more than 99.9% by particle number, more than 99% by mass). At the end of the 1990s, with the launch of additive particulate filters, particles emissions dropped from more than 3,500,000 particles per cm³ on a non-filtered diesel engine to 3,500 particles per cm³ on a diesel engine with a particulate filter. 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, urban/motorway driving – even when the filter is full.

A diesel engine fitted with a particulate filter emits less particulate matter than a latest generation direct-injection petrol engine, with particulate emission levels significantly lower than the thresholds required under current regulations (20 times less in mass, up to 100 times less in number).

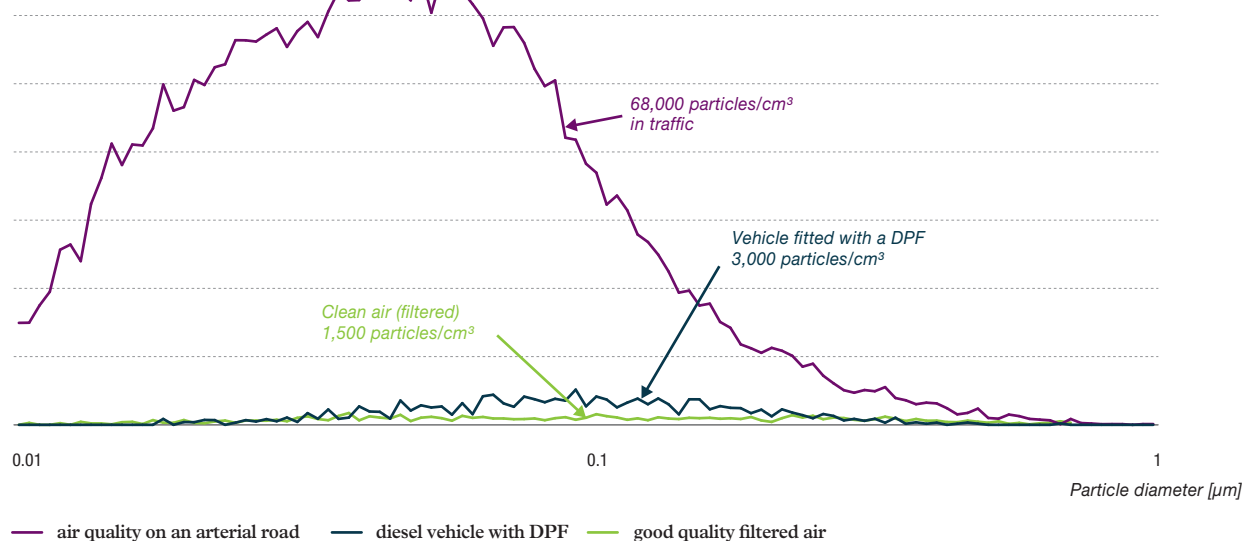
Comparison of particulate emission levels of a diesel engine fitted with a particulate filter



Source: AIRPARIF / PSA

Efficient particulate filter for all sizes of particulates

Particulate concentration



Source: PSA internal measurements.

Note: Fine particulates (PM2.5) = particulates with a diameter < 2.5 μm.

The Group is continuing to roll out this technology, underpinned by the introduction of the Euro 6 standard.

The second stage of Euro 6 (Euro 6d-TEMP) will impose a tougher limit in terms of number of particles from direct-injection petrol vehicles (which will have the same limit as diesel engines) and a new constraint consisting of a reduction in "Real Driving Emissions" (RDE).

On all its global markets, vehicles sold by the Group meet the applicable standards in each local market and benefit from advanced technologies developed for the European market.

The particulate filter has been fitted as standard across the Group's diesel models since 2010, and has been mandatory in all vehicles sold since the introduction of the Euro 5 regulation for all types (January 2011).

A pioneer in this field, the Group had sold a total of 10.1 million diesel vehicles fitted with particulate filters by the end of 2015.

In 2015, vehicles equipped with particulate filters accounted for 91% of the Group's total diesel vehicle sales worldwide, compared to 85% in 2014 and 37% in 2009.

To comply with the second stage of Euro 6, in addition to optimising injection systems, the Group is looking at a no-additive particulate filter (Gasoline Particulate Filter or GPF) to reduce particulate emissions from direct-injection petrol engines. This solution screens out all fine and ultrafine particles in any driving conditions.

2.2.1.3. REDUCTION OF NO_x EMISSIONS WITH SCR (SELECTIVE CATALYTIC REDUCTION)

This after-treatment technology substantially reduces nitrogen oxides (NO_x) emission levels by injecting a reducing agent into the exhaust stream before a special catalyst.

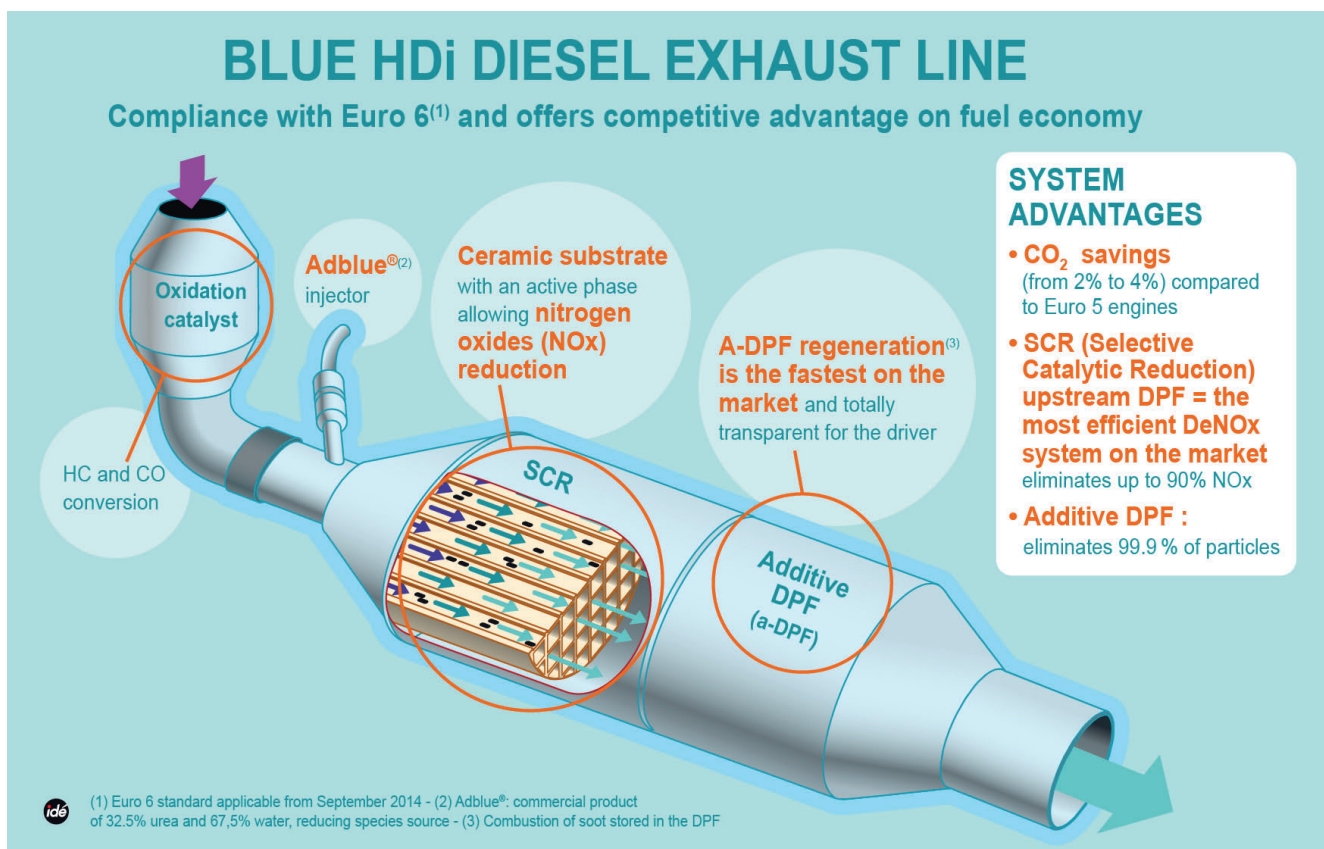
Integrated into a new emission control architecture upstream from the particulate filter, SCR helps to optimise the fuel efficiency and limits CO₂ emissions of diesel engines.

In preparation of the second stage of Euro 6, the Group decided, right from the first stage of Euro 6 (Euro 6b), to deploy Selective Catalytic Reduction (SCR) technology, identified by the "BlueHDi" label which combines particulate filter with SCR technology, across its entire diesel portfolio to increase the performance of NO_x emission reduction.

The "BlueHDi" label consists of:

- an additive particulate filter that enables the removal of 99.9% of particles in terms of number, regardless of their size and regardless of driving conditions;
- an after-treatment system called Selective Catalytic Reduction (SCR) positioned upstream of the additive particulate filter, that eliminates up to 90% of nitrogen oxides (NO_x) emitted by the engine.

This choice is the result of factoring in, well ahead of the deadline, the mandatory inclusion of RDE approval into the second stage of Euro 6 and reflects the Group's commitment to reduce its vehicle emissions under real driving conditions while keeping fuel consumption and CO₂ emissions at their optimum levels. However, this requires an extensive distribution network in France and Europe for urea (AdBlue®), the reducing agent used to convert NO_x into nitrogen.



Launched in November 2013 on the Peugeot 508 and Citroën C4 Picasso (DW 2.0-litre engine), BlueHDi was extended to the DV 1.6-litre engine in 2014, before being rolled out across the Peugeot, Citroën and DS fleet. It represents 51% of diesel vehicles fitted with particulate filters in 2015 with nearly 758,000 vehicles sold worldwide as at the end of 2015.

The BlueHDi line now features on all of the Group's European diesel-powered passenger vehicles to bring standard NO_x emissions down to the same level as petrol engines, while maintaining the

advantages of diesel engines in terms of 15% less CO₂ emissions and fuel economy.

The Group is working on refining this system, not only to bring costs down without compromising on performance, but to give it new features – such as the SCR catalyst-impregnated filter – thereby reducing NO_x and eliminating particulate matter in a single emissions control system. It consists in integrating the SCR into the particulate filter (SCRf, Selective Catalyst Reduction on Filter).

2.3. VEHICLE QUALITY AND SAFETY G4-DMA

PSA aims to be among the best in the market in terms of product quality, level of service and quality of service to its customers. The Group has implemented the following procedures to achieve the objectives it has set.

2.3.1. Responses to customer expectations and measuring their satisfaction

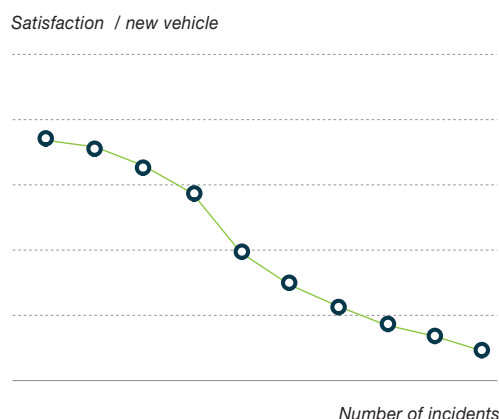
The PSA's commitment to quality is centred on customer expectations, based on four fundamental points:

- reliable vehicles (zero fault);
- product advantages (performance, style, perceived quality, comfort, pleasure) and mobility services that meet their expectations;
- excellent service quality at time of sale (reception, advice, explanations, handover);
- excellent service quality after sale (reception, care, vehicle maintenance, repair, adherence to deadlines).

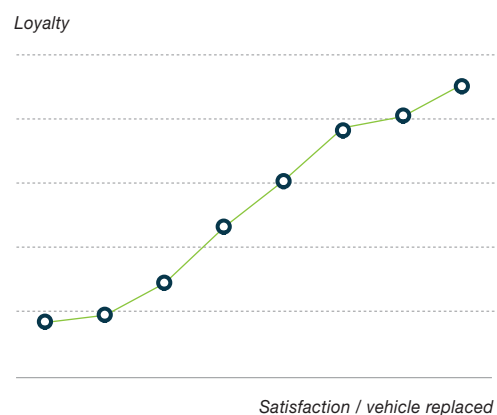
Quality promotes both customer loyalty and economic performance:

- Brand loyalty is directly correlated to the level of incidents experienced with the product: customer satisfaction decreases as the number of incidents increases;

Relationship between incidents and quality score



Relationship between loyalty and quality



- The loyalty of the customer to the network is correlated with the quality of after-sales service: it increases with customer satisfaction.

Relationship between loyalty to the dealer and after sales satisfaction



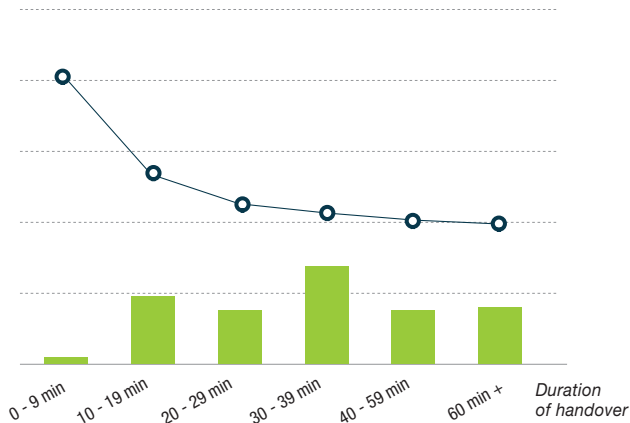
An increased level of quality is reflected by both a higher brand renewal rate and a higher success rate over competing brands.

The improvement of quality also relates to warranty cost savings for the Group:

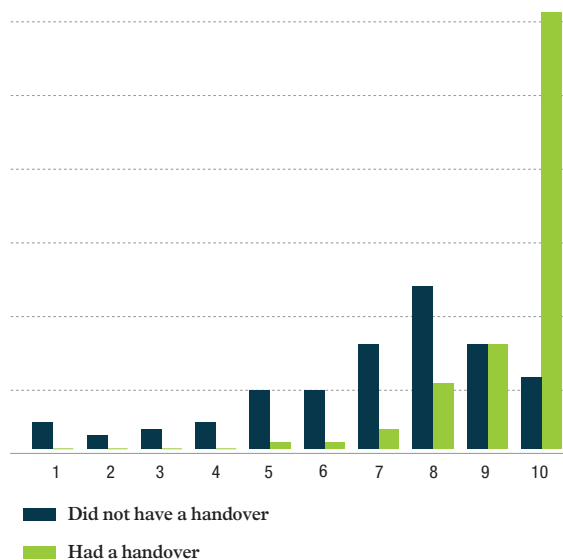
- the reduction in warranty costs related to failures is proportional to the improvement in quality: between 2004 and 2010, a reduction by a factor of close to three in the level of incidents after one year of use provided a reduction by a factor of 2.5 in warranty expenses, despite an increase in technical hardware in vehicles;
- service also plays a core role: the length of the handover process with the customer upon delivery of the vehicle significantly impacts satisfaction and significantly reduces the number of negative comments. PSA also implements standards for optimum handovers in terms of duration and quality of information provided.

Impact of handover time on the number of critical comments in the quality survey

Number of critical comments



Breakdown of satisfaction ratings according to provision of handover



The Group Quality signature "Your requirements, our uncompromising commitment" illustrates the response of the Group to the two strategic quality issues:

- meeting customer requirements, ensuring product reliability at the highest level and offering quality services;
- offering customers a quality service during the vehicle handover and providing after-sales service to meet their expectations.

On these two commitments, the ambition is to raise the brands to the level of the market leaders, the top 3 in the market in each region where it has a significant presence.

In order to achieve its objectives, the Group has implemented a quality policy applied throughout the value chain and in all countries where it operates.

The Group's quality governance is global:

- the Group Quality Director reports directly to the CEO; he oversees the Quality Directors of the six regions of the Group and in Business Management;
- the quality teams in Business Management oversee operational managers with a view to efficiency and achieving quality from the outset;
- quality teams in the regions support, in the field, the sales outlets in the implementation of operational quality standards, and ensure that a personal response is provided to customers throughout the network. The objective is to ensure the mobilisation of those who are in direct contact with customers in retail outlets. This practice markedly improves the results of quality-client surveys.

An example of hands-on regional application: On 14 October 2015, DONGFENG PEUGEOT launched its Blue Care Experience Season campaign in Beijing.

Blue Care, DONGFENG PEUGEOT's after sales service brand, upholds the values of transparency and professionalism. In addition to its commitment to transparent prices for its services, DONGFENG PEUGEOT has developed the concept of a "transparent" workshop.

The representative greets the customer, looks at the car and makes a preliminary assessment. The customer is then taken to a lounge where he or she can wait for the work to be completed.

In the waiting room, the customer can select his or her car on the screen and monitor the operations through the video cameras placed at the workstations. The customer can also monitor the time remaining until the vehicle is ready. A validation system is used at the end of each operation to track the progress.

With its standardised after-sales processes and initiatives such as the transparent workshop, Peugeot was ranked first in the JD Power CSI survey in 2013 and 2014 and third in 2015. Peugeot will continue to upscale its after-sales service in China by offering customers an integrated CRM and after-sales service application, My Peugeot, which guides customers from the purchase of their vehicle until repurchase.

The Quality Management System ensures the clear communication of the Quality policy for all company activities. It is based on 90 essential requirements or principles throughout the Company's value chain (Scheduling, Design, Purchasing, Production, Transportation, Sales, After Sales).

These requirements are the basis for the operational processes and quality standards of PSA.

A self-assessment by the entities concerned and controls through "customer perspective" inspections are the final elements of the procedure.

Reports and Region and Trades Quality Committees ensure the implementation and enforcement of the policy, the achievement of results and, where appropriate, corrective action plans.

This work has paid off, resulting in improved quality performance.

On 4 November 2015, the DPCA (DONGFENG PEUGEOT CITROËN AUTOMOBILES) joint venture received the prestigious National Quality Award in Beijing, China's most distinguished quality award. The award, given in recognition of the performance management and progress achieved by DPCA, was presented at the 15th China Quality Awards. 80 firms were up for an award. DPCA is the first automotive joint venture subsidiary of a national manufacturer to receive this distinction. It demonstrates the importance of DPCA's role in Chinese industry, in terms of product strategy, R&D, purchasing, production, supply chain, sales and after-sales service. Created in 2001, the National Quality Awards are held each year by the China Association for Quality after a lengthy selection process. It is the highest award for performance excellence among firms in China.

2.3.1.1. GLOBAL CUSTOMER-FEEDBACK PROCEDURE

G4-PR5

For many years, PSA has put in place a procedure that allows the Group's brands to maintain continuous contact with their customers and to respond in the shortest timescale in case of difficulty.

This procedure is based on:

- studies piloted by the Group to measure, as close to the ground as possible, the progress and effectiveness of actions:
 - with respect to quality of service:

Every year customer quality surveys are used to establish the views of customers (1.7 million in 2015) or nearly one customer in five, in 32 countries including China, Russia, Brazil and European countries. Since 2008, the Group has developed an extensive system of online customer surveys following vehicle purchase, and following contact with the after sales service. This procedure provides freedom to customers who can, on the one hand, answer questions at the most opportune moment for them and, on the other, formulate their responses freely. In less than 48 hours, the dealer concerned receives the content of the interviews of customers who wish to be contacted again to process their request. The Group relies on systems that monitor the management of customer requests via the network.

In early 2016, the Group rolled out a quality portal for subsidiaries and dealerships, allowing sales points to compete amongst each other to deliver the best results in the country/region/area. This portal also makes it easier and more straightforward to exploit feedback from surveys and to monitor the turnaround of a customer from dissatisfied to satisfied.
 - concerning the reliability of products:

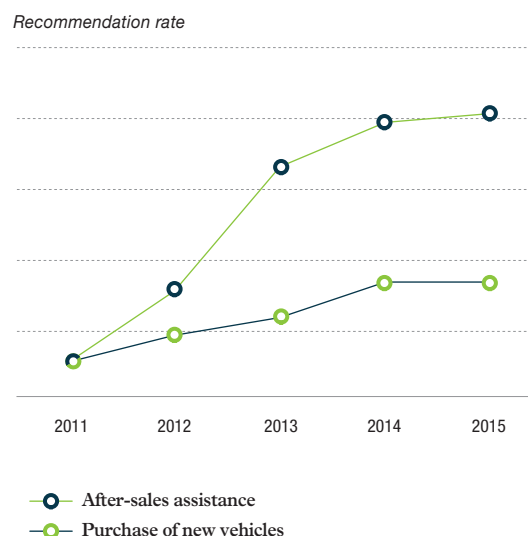
The Group has access, in real time, to customer data from product-focused surveys and customer feedback from the network. They identify vehicle criticisms (incidents, failures, frustrations), and analyse, prioritise and process these via a responsive device deployed throughout the world;

- inter-maker surveys which precisely place each brand vis-à-vis the competition and enable better targeting of customer expectations according to the markets. These surveys are carried out in most countries where the Group operates. They concern the purchase and delivery of the vehicle and after sales assistance but also product quality-reliability and satisfaction with services;
- an effective system for handling complaints and customer inquiries. The Customer Relations Departments of the Brands listen to the views of customers and systematically deal with any request addressed to them via any channel:
 - the primary objective of these teams is to build trust and loyalty in the brand, by taking customer needs on board and providing a customised solution that includes the sales network, and to ensure their ongoing satisfaction in the case of difficulties encountered,
 - finally, these Customer Relations teams are a true client mouthpiece for the business, via the sending of transcripts and customer feedback from all relevant activities (trade, marketing, quality, etc.) which take them into account during projects;

This comprehensive procedure thus allows the PSA to gather detailed content on the quality of its services during each interaction of the brand with customers and highly accurate numerical results that are supplied and guaranteed by the Group Quality Director and examined by each Regional Director every month at the Executive Committee.

Change in recommendation rate in service quality surveys by the group for purchases of new vehicles and after-sales assistance

(% Recommendation – 12-month total – base 100)



2.3.1.2. PROTECTING CONSUMER**HEALTH AND SAFETY**

Vehicles are not subject to a regulation requiring a comprehensive description of their components for consumers. However, standards governing the approval of vehicles by the government include, among other points, passenger and pedestrian safety criteria, environmental compliance criteria (including CO₂ emissions) and human health-related criteria (REACH for components, European

Euro X emission standards for air pollutants). These points are described in sections 2.4.1.3. and 2.2.1.

All Group brand vehicles are evaluated on their health and safety impact through approval procedures and are compliant with regulations.

Violation of regulations on health and safety of consumers

In 2015, PEUGEOT, CITROËN and DS were not prosecuted for non-compliance with health regulations and safety of consumers.

2.3.2. Vehicle quality**2.3.2.1. VEHICLE QUALITY MANAGEMENT PROCEDURE**

The Group has set up structured preventive steps to avoid any quality problem affecting the client:

- at the design stage:
 - optimisation of technical standards on the basis of customer expectations, performance and reliability,
 - implementation of a specific protocol based on the most demanding customer expectations, according to geographical area, in order to handle quality perception, quality in use and the durability of PEUGEOT, CITROËN and DS vehicles.

Included among these protocols:

- 2.5 million kilometres driven behind the wheel of 200 pre-production vehicles to detect and fix incidents before release onto the market. These tests "under real conditions" are performed not only by design teams, but also by members of staff,
- to ensure customer satisfaction over time, specific and severe vehicle tests of 60,000 km (vibrations, climate cycles, load, etc.) are also performed; they allow the ageing of the vehicle to be managed and ensure customers receive a vehicle with the characteristics of a new vehicle after 3-5 years of use (depending on geographical area and usage profile) so as to improve their scope of use and resale value;

- in production: strict compliance and excellence in quality processes:

- 1,800 functional and aesthetic features are checked on every car,
- 50 vehicles per model and per day are test-driven by two professional operators on specifically designed tracks (road surfaces, turns, obstacles, etc.);

- in use:

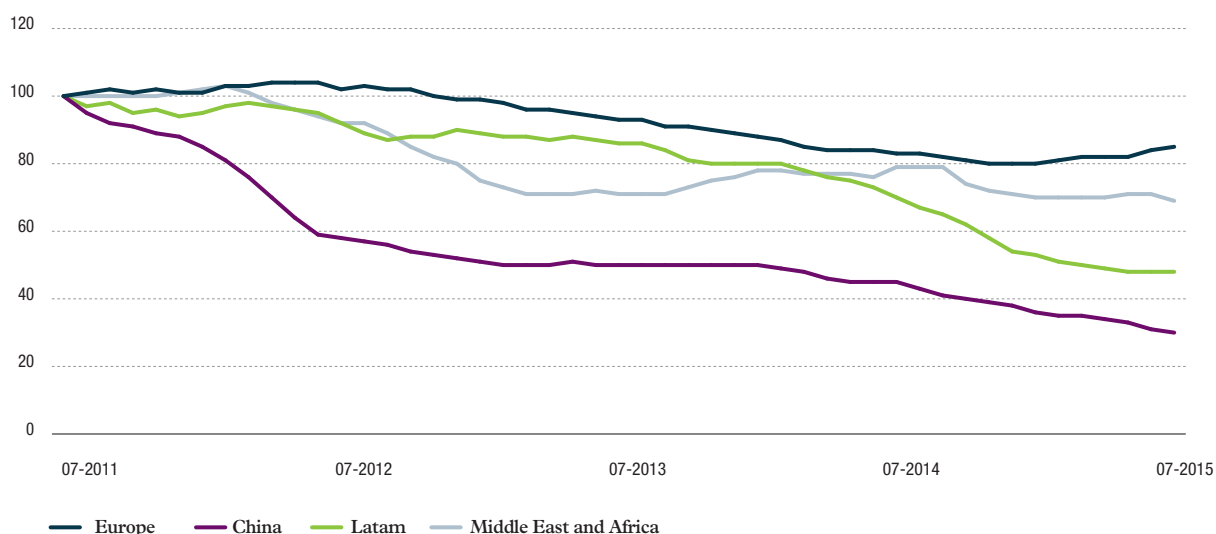
a "control tower" procedure provides an immediate response from weak signals, and can even involve the crisis management. It enables the quality of consumer vehicles to be continually improved by identifying all of the flaws found by the network (10,000 exchanges per day), and providing technical solutions as quickly as possible. At the same time, the "control tower" provides information to design teams to constantly improve the vehicle design, production and repair guidelines;

- finally, PSA continuously monitors the changing expectations of customers through studies and surveys that inform work on future products. The studies show in particular that awareness of energy use, the need for safety on board and the need to stay connected continuously is growing.

The same analysis, processing and feedback standards for quality and safety issues are applied for vehicles produced by the Group's joint ventures in China, DPCA and CAPSA.

The failure rate measures the rate of failures and incidents after three months on the road

Change in 3-month failure rate – (Excluding new vehicle preparation) 12-months of use – base 100



2.3.2.2. MODERNISATION CAMPAIGN

The protocol implemented within the Group aims to maintain a high quality standard for vehicles in circulation, eradicating potential defects as soon as they become known.

This protocol is applied, as necessary and on the Group's initiative, for vehicles of our three brands-PEUGEOT, CITROËN and DS.

In 2015, for the entire Group, 33 campaigns were carried out on volumes ranging from a few dozen to more than 100,000 vehicles.

These campaigns, practised by all car makers, are carried out transparently by brand with respect to:

- the relevant authorities (regulatory filing of declarations for safety campaigns)

Each notification document submitted to the authorities indicates the models and parts concerned, vehicle manufacture dates, type of risk, description of the defect and corrective measures taken;

- PEUGEOT, CITROËN and DS dealership networks

The traceability of the components used in manufacturing enables PSA to provide a list of the vehicles potentially concerned. Once a campaign is launched, an alert including all the necessary information (list of vehicles concerned, content of the message sent to customers, necessary procedure, any parts required, etc.) is sent to the dealership networks via the appropriate IT systems;

- the customers in question, notified individually.

The method used to notify the customer is line with the local regulations in each country.

Customers affected by a safety campaign are invited to make an appointment with an authorised brand repairer to make the necessary adjustments.

When the customer makes the appointment, the workshop will provide all the necessary information, including the appointment date, how long the repair will take, the confirmation that the repairs are free of charge, the terms for using a replacement vehicle, etc.).

The customer is asked to notify the brand of any change in vehicle status, including its sale, end of life or change of address.

The actual repairs made in application of each campaign are recorded in a centralised database. The Group monitors the implementation of each campaign specifically based on progress indicators. Repeat requests are sent to customers who do not come forward until the end of the campaign.

The operations carried out are free for the customer.

These procedures are also applied for vehicles produced by the Group's joint ventures in China, DPCA and CAPSA.



ECONOMIC INSIGHT

Improvements to the quality of its products have led to:

- an accelerated fall in the cost of factory quality control and touch-up, with a gain in 2015 of €32 per vehicle produced in Europe and Latin America (through an increased number of vehicles without fault in final validation and a reduction in damage sustained during transport);
- PSA (reporting scope of consolidated companies) reducing its warranty expenditure in 2015 by 60% since 2006 and 3% since 2013 under a comparable volume and product mix;
- DPCA (Dong Feng – PSA joint venture in China) reducing its warranty expenditure in 2015 by 15% since 2013 under a comparable volume and product mix;
- a reduction in warranty provisions of €123 million in 2015;
- a 41% increase in sales of warranty extension contracts since 2010. In 2015, for example, this revenue represented €97 million in the five biggest European markets.

This improvement is also one of the factors that legitimises the positioning of the DS brand in the high-end segment and the move upmarket of the PEUGEOT brand.

2.3.3. Vehicle safety G.41

The safety of different road users has been for many years the primary priority of PSA. This commitment makes its vehicles among the safest in the world. The Group is focusing on technologies that have shown a proven ability to make automobiles more effective in terms of safety, 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. 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, Corporate Social Responsibility also means a daily focus on sponsoring and education. PSA continued its efforts toward Road Safety in 2015:

- by helping raise children's awareness of road safety through its Foundation;
- by reviewing travel habits among its employees, stipulating precise rules for professional travel and commutes to work and by organising road safety awareness campaigns at its various sites.

Chapter 7 presents in more detail the initiatives undertaken in these areas.

2.3.3.1. PRIMARY SAFETY: AVOIDING ACCIDENTS

The effort to make safer vehicles continues in research and development, the Group's objective being to create vehicles which continue to improve road safety.

The Group works to simultaneously improve three types of devices:

Chassis systems

Suspension, steering, braking and other systems 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 aimed at helping the driver:

- in emergency situations, anti-lock braking systems (ABS), electronic brakeforce distribution (EBD), emergency braking assist (EBA), and Electronic Stability Control (ESC), 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 2008, 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.

Vision, visibility, and safe following distances

Beyond the technologies which are already widespread (use of rear camera, panoramic vision, LED projectors), PSA has developed many innovations in this area which set it apart that are available on several vehicle lines:

Controlling trajectory and safety distances:

- the LDWS (Lane Departure Warning System) warns the driver of unintentional lane departure, which is responsible for many accidents on motorways;
- the separating distance alert function or Distance Alert, indicates the "inter-vehicle" time between the driver's vehicle and the vehicle in front (Peugeot 3008 and 208);
- an intelligent variable speed controller (Peugeot 308 and Citroën C4 Picasso/Grand C4 Picasso) adjusts the speed to that of the vehicle;
- automatic braking, if the driver does not react when facing a risk of collision or intensifies the driver's braking for emergency braking on highways and motorways (Peugeot 308);

- automatic braking, if the driver does not react when facing a risk of collision in city driving (Peugeot 208, DS3, Citroën C1, Peugeot 108).

See and be seen better:

- 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;
- projectors which support the safety features (including automatic hazard warning lights in the event of sudden deceleration and automatic code/route switching).

Ergonomics and human-machine interface (HMI)

The proliferation of driver assistance systems and spread of information technologies demand close attention when designing HMIs.

PSA conducts extensive research on the factors and risks linked to distraction, in order to assess the driver's alertness and generate interactions that enable the driver to focus on their driving.

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.

2.3.3.2. SECONDARY SAFETY: PROTECTION DURING AN ACCIDENT

The *Laboratoire d'Accidentologie, de Biomécanique et d'Étude du comportement humain* (LAB) is a road safety association created jointly by PSA and Renault. A unique organisation, LAB has conducted research projects for more than 40 years (15,000 accidents in its database) to enhance understanding of accident mechanisms and their related injury mechanisms.

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 core advances in automobile safety, from seatbelts to load-limiting retractors, airbags, pre-tensioners and stronger structural components for passenger compartments.

PSA primarily works in three areas:

Body structure

Vehicles are structurally designed to dissipate the energy from an impact in a controlled manner, with effectively positioned impact absorption structures and deformable crash boxes, whilst also ensuring reparability. The passenger compartment is treated as a survival unit, by reducing its deformation to a minimum, and deploying powerful restraints.

Airbags and other pyrotechnic equipment

The capacity of structures to absorb energy and protect the cab leads to a reduction in the impact on occupants in crashes through sophisticated restraint systems. The Group's vehicles offer up to eight airbags:

- two front airbags: they protect the head, neck and thorax of the driver and front passenger in a frontal impact;
- two front side airbags: they protect the thorax, pelvis and abdomen of the driver and front passenger in a side impact;
- two windowbags: these protect the side of the head of front and rear occupants in a side impact;
- two rear side airbags: protect the thorax of the rear passengers in a side impact.

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

Restraint systems

These high resistance passenger compartments have made it possible to develop highly sophisticated, high performance restraint systems, based on seatbelt tensioning devices and load-limiting retractors.

From ISOFIX attachment points, ensuring the proper use of child safety seats, the level of protection adapts to the morphology of the occupants, their position in the vehicle and the type of shock, and adjusts occupant restraints while limiting pressure on the chest, thereby minimizing thoracic and abdominal injuries. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. Buckle-up reminders sound a warning and light up to warn the driver when someone has not buckled their belt.

Euro NCAP and China NCAP safety ratings

The Group vehicles tested by the organisations Euro NCAP, China NCAP and Latin NCAP were awarded strong scores, reflecting the high safety standards we offer to the customers of the PEUGEOT, CITROËN and DS brands.

Since 2009, a new Euro NCAP rating system has been in place: the vehicles tested receive an overall rating that takes into account the results in terms of protection of adults, pedestrians and children (which were previously awarded three separate scores), as well as the presence of safety equipment.

Fifteen Group vehicles, which were tested according to the new protocol that was made more stringent in 2009, obtained the maximum five-star rating (see the table on the following page and previous reports).

It should be noted that from 2014, Euro NCAP has taken into account not only the secondary safety performance of vehicles but also the performance of the primary safety systems such as lane departure warning and automatic emergency braking. This increased strictness calls for a renewed focus on the EuroNCAP evaluation: a five-star rating is now only awarded to vehicles fitted with this type of equipment. A four-star rating is awarded to vehicles with a high level of secondary safety.

VEHICLES WHOSE EURO NCAP SCORE (VALID FOR 6 YEARS) REMAINS VALID

Model	Year launched	Test protocol in force from 2009	
		Year tested	Overall rating
Peugeot Traveller Citroën Spacetourer ⁽¹⁾	2015	2015	*****
Citroën C1 Peugeot 108 ⁽¹⁾	2014	2014	****
Citroën C4 Cactus	2014	2014	****
Citroën C-Elysée Peugeot 301 ⁽¹⁾	2013	2014	***
Citroën Berlingo Peugeot Partner ⁽¹⁾	2008	2014	***
New Citroën C4 Picasso	2013	2013	*****
Citroën C1 Peugeot 107 ⁽¹⁾	2005	2012	***
Peugeot Expert	2007	2012	***
Peugeot 208	2012	2012	*****
DS5	2011	2011	*****
DS4	2011	2011	*****
Peugeot 508	2011	2011	*****
Citroën C-Zéro Peugeot iOn ⁽¹⁾	2010	2011	****
Citroën C4	2010	2010	*****
Citroën Nemo	2010	2010	***

(1) Vehicles appearing on the same line have the same technical specifications.

CHINA NCAP

	Year launched	Year tested	Overall rating
Peugeot 408 (new)	2014	2015	*****
DS 6	2014	2015	*****
Peugeot 2008	2014	2014	*****
DS 5	2013	2014	*****
Peugeot 3008	2013	2013	*****
Citroën C4L	2012	2013	*****
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	*****

2.3.3.3. TERTIARY SAFETY: POST-ACCIDENT EMERGENCY RESPONSE

PSA 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 in two ways:

Emergency call system

Implementing the devices before European regulation PE/112 comes into effect on 30 March 2018, the Group is the only mainstream car maker to have deployed a wide-scale, location-aware emergency

call system, without a subscription or any cut-off date. Since March 2010 the Connect Box developed by PSA includes a SIM card and separates the telematics function from the radio, navigation and telephone functions. In case of accident or illness on board a vehicle, the occupants are connected with a dedicated assistance centre that pinpoints the vehicle. This saves time and allows for more effective assistance to be provided. According to the European Commission, equipping every vehicle on the road with such a system could save more than 2,500 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

	Cumulative total through 2012	Cumulative total through 2013	Cumulative total through 2014	Cumulative total through 2015
Cumulative total of PEUGEOT and CITROËN mass-produced vehicles equipped with the PSA emergency call system	1,278,048	1,498,340	1,672,495	1,877,026
Cumulative total alerts sent to emergency services	7,207	9,690	12,885	16,167
Countries in which the PSA emergency call service is available	13 countries: as above + Denmark, Poland and the United Kingdom	17 countries: as above + Czech Republic, Slovakia, Norway and Sweden	17 countries: as above	17 countries: as above

The motorway control centres are now automatically warned of any accidents on their roads with the e-call service introduced on Peugeot, Citroën and DS vehicles in 2015. Other drivers can be warned of any potential dangers to expect with messages displayed on motorway signs.

In the future, other vehicles will provide the data that will enhance drivers' awareness of their surrounding environment. For example, a vehicle will be informed by the vehicle in front if a pedestrian is on the road to anticipate automatic braking in the safest conditions possible.

Victim removal instruction and rescue manuals

To facilitate the job of rescue workers after an accident, PSA works with French rescue teams to prepare victim removal instructions for

each of its models. Regular training sessions are held with the Public Safety Services of the French Interior Ministry and the zonal victim removal group to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market.

Meanwhile, PSA has worked with ISO to define an international standard for victim removal instructions. This standard has been applicable from January 2015 and will become a guideline throughout the world.

Moreover, ISO continued to develop its standards in 2015, with a new standard defined for rescue manuals applicable to all vehicles. The Group actively participates in this project overseen by the CTIF (International Technical Committee for the Prevention and Extinction of Fire).

2.4. ENVIRONMENTAL IMPACT OF MATERIALS AND END OF LIFE: SUSTAINABLE MANAGEMENT OF MATERIALS AT EVERY STAGE OF THE LIFE CYCLE



Key figures	2013	2014	2015
Proportion of vehicles sold during the year covered by the LCA	20%	28%	44.5
Proportion of recycled materials in latest vehicles launched by weight	32% on Peugeot 208 31% on Citroën C4 Picasso	30% on Peugeot 308 30% for Citroën C4 Cactus	No new launch
Recyclability rate	All PSA vehicles are 95% recoverable, with a minimum of 85% recyclability and reuse		
Effective European recycling and recovery rate	90.2% European average performance ⁽¹⁾	ND	ND
Of which of PSA in France	92.7% perf. PSA in France ⁽²⁾	ND	ND

(1) European average performance in 2013, following statements by the 28 EU Member States (source: Eurostat).

(2) PSA revenue in 2013 from ELVs collected in the distribution networks in France (Source PSA/ADEME).



ECONOMIC INSIGHT

PSA's management of raw materials combines **competitiveness and resource conservation**.

Economic conditions in 2015 were not ideal for recycling operators. The prolonged decline in oil prices and most commodity prices has undermined the competitiveness of secondary commodities (ferrous and non-ferrous metals and recycled plastics). It has also resulted in a concentration of actors in the recycling industry.

Despite this, PSA has pursued efforts to fulfil its commitment of 30% recycled or bio-sourced materials in vehicles.

The use of 30% recycled or bio-sourced materials remains one of the **cost control levers for materials purchasing**: the use of recycled polypropylene and polyamide (rather than the same virgin materials) yielded **savings of €5.8 million in 2015 (€6.4 million had already been saved in 2014)**, contributing to the Group target of reducing the manufacturing production cost as part of the "Back in the Race" plan. This objective also contributes to the sustainability of end of life vehicle management systems by guaranteeing an outlet in the car industry for recycled materials from ELVs.

What is more, the flat steel used in the body falls into a circular economy loop, stamping cut-offs being sold for recycling. PSA is also limiting its steel consumption: in 2015, steel requirements were reduced by several thousand tonnes, which led to a saving of **€6 million**.

Through its choice of materials, the Group also aims to promote the recyclability of its products and guarantees the continued approval of its vehicles and their sales. This goal also generates additional revenue for distribution networks in some cases. For example in France, the collection and handling of end of life vehicles generated **total revenue of €3.3 million in 2015, including €1.1 million for the sole company-owned network (Peugeot Citroën Retail)**.

In addition, the brands commit to the circular economy along with their distribution networks: in anticipation of the French decree on the circular economy (Energy Transition Law), the Group already offered a standard replacement parts range in Europe, and in 2016 plans to offer "reused parts" for the French market, obtained from processing end-of-life vehicles. PSA is developing a "standard replacement parts" service for refurbished mechanical parts: on the basis of 30% lower prices on average compared with the same new parts, this business **generated total revenue of €107 million in 2015**.

2.4.1 Use of materials G.28 G4-DMA

Eager to optimise its use of natural resources and to limit the impact of its products on the environment right up to the end of their useful life, the Group is implementing a life cycle analysis procedure to evaluate and validate the selection of materials in new projects. Each stage of the life cycle and the main environmental issues are studied.

2.4.1.1 AN ASSERTIVE COMMITMENT TO USING "GREEN MATERIALS" G4-EN2

PSA has pledged to reach an average rate of 30% recycled and natural materials in the Group's vehicles. The integration of recycled materials covers all materials used in vehicles. Although metals are a type of material which is widely recycled, the target is to promote the recycling of these metals in automotive products.

Furthermore, the Group is pursuing its research efforts into recycled polymers (non-metallic and non-mineral), since polymers account for 20% of total vehicle mass on average. Most other materials (metals, fluids, etc.) are in fact already recyclable and, for the most part, recycled.

The Group defines three categories of materials as "green": recycled materials, materials of natural origin (wood, plant fibres, etc.) and bio-sourced materials (polymers not made from petrochemicals but from renewable resources). Their use has several advantages: reducing the use of materials of fossil or mining origin, and fostering the development of plastics recycling processes by increasing demand.

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.

To spur faster development of the biomaterials industry and expand the use of these materials in automobiles in the future, PSA is involved in a large number of scientific partnerships:

- PSA participates in the FINATHER project to develop innovative thermosetting composite materials with low environmental impact in the areas of automotive and rail transport. Innovations consist of substituting compounds of petrochemical or organic origin with bio-based, renewable compounds to a large degree; this line allows vehicles to be lighter. As a result, in the case of the materials being researched, the conventional petrochemical resins are substituted with resins derived from linseed oil, and the glass fibres, with fibres from flax and hemp;
- through the Regional Association of the Automotive Industry of Ile-de-France, PSA is a partner of the project BIOMass for the future/Miscanthus alongside the INRA (French National Institute for Agricultural Research).

The use of green materials is now included in the engineering design standards.

2.4.1.2 USE OF NATURAL AND RECYCLED MATERIALS IN VEHICLES

The latest vehicles brought to market illustrate the results obtained on the inclusion of materials that are recycled or from natural sources:

- the new Citroën C4 Cactus has an average of 30% recycled and natural materials in the overall vehicle. Approximately 40 polymer parts incorporate recycled materials and materials of natural origin;
- the new Peugeot 308 has an average of 30% recycled and natural materials in the overall vehicle. Approximately 70 polymer parts incorporate recycled materials and materials of natural origin.

Listed below are some of the noteworthy features of the Peugeot 308:

- the door panel trim of polypropylene filled with natural fibres. A life cycle analysis on these trims, conducted in partnership between PSA and FAURECIA, has shown that the use of natural fibre-filled polypropylene can reduce their environmental impact by about 20%, compared to the same part made from talc-filled polypropylene, on all environmental indicators,
- the hubcaps made from recycled polyamide.

The average integration rate of green materials in vehicles sold in 2015 was more than 30% (volume-weighted average of European vehicle sales in 2015).

2.4.1.3 REDUCING HAZARDOUS SUBSTANCES G.24 G.41

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

Regulatory requirements regarding the use of hazardous substances are factored into all phases of vehicle life, from design and manufacture to use and end-of-life recycling, in close collaboration with suppliers. Its industrial strategy follows two lines:

- the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium) that are regulated by Directive No. 2000/53/EC on end-of-life vehicles. In 2002, PSA 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 MACSI (Material Composition System Information).

Examples include:

- chromium VI used in anti-corrosion coatings for many metal parts has been replaced,
- lead used in wheel balance weights was replaced by zamak weights;

■ compliance with the REACH regulation. As the final link in the production chain, PSA has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. In this respect, PSA uses the automotive industry guidelines on REACH (http://www.acea.be/news/news_detail/reach_guideline/) to draft as a member of the European Automobile Manufacturers' Association (ACEA). PSA 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 and XVII by working as far upstream as it can in the new material research and innovation phase.

For example, DEHP (Diethyl Hexyl Phthalate), used as a plasticiser in PVC sheaths for wiring harnesses, has been replaced.

The other regulations related to chemical substances (regulation on Persistent Organic Pollutants, on Biocides, etc.) having an impact on the design and/or production of parts are also taken into account.

In addition to monitoring regulatory requirements, PSA 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.

Suppliers are also asked to declare using the MACSI tool the use of nanomaterials in the parts and materials used in the vehicles. This requirement is implemented as far upstream as possible because it is part of the environmental evaluation process for innovations. As a result, for all innovations, suppliers are asked to declare the use of nanomaterials and submit a risk analysis conducted jointly with PSA.

2.4.2 Eco-design and life cycle analysis G.28 G4-DMA G4-EN4

From the design phase, PSA teams work to minimise the impact of the automobile on the environment (reducing fuel consumption, emissions of CO₂ and pollutants, careful use of natural resources, improved recyclability, etc.) at each stage of its life cycle. 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	Core challenges
Product definition	Define new automobile products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
Design and engineering	Design vehicles at an acceptable cost and attenuate their impact: <ul style="list-style-type: none"> - on the environment: CO₂ emissions, local pollutants, the use of resources and recyclability; - on society: safety performance, noise pollution, traffic congestion, etc.
Production	Reduce the environmental impact of automobile manufacturing. Ensure workplace safety. Participate in the economic and social life of local communities.
Transport and sale	Integrate environmental concerns into supply chain and dealership network management. Responsibly inform customers in its advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes.
Use	Contribute to limiting the impacts associated with car use: promoting safer, more environmentally responsible driving practices, improving fuel economy and developing ever more effective exhaust emissions control systems.
End of life	Facilitate the collection and processing of end-of-life vehicles and components by specialised providers and optimise their recyclability (pollution control, recycling, recovery and reuse).

Usually conducted at the end of product design, life cycle analyses can be used at the innovation phase to consider environmental impacts as early as possible. The Group has therefore developed a method for assessing the environmental performance of innovations for the Advanced Research & Development Division teams. Two specific tools are used: one to assess the recyclability of innovations and a second to evaluate their environmental performance.

Accordingly, environmental impacts are taken into account in the innovation process and a complete evaluation of each critical innovation is conducted.

Finally, PSA is a founding member of the EcoSD network, a 1901-Law association whose main purpose is to promote exchanges between researchers, between industry actors and encouraging interaction between researchers and industry actors to create and disseminate

knowledge in the field of the eco-design of systems for sustainable development (EcoSD) in France and beyond in order to underline French expertise in EcoSD internationally.

In addition, PSA is keen to control the risks associated with the supply of its materials. The Group has therefore begun monitoring the criticality of materials, introducing a traceability system for supplies that contain conflict minerals (see sections 4.1.2.2 "Risk management as part of purchasing policies" and 4.3.1 "CSR requirements extended to suppliers").

Furthermore, the eco-design approach adopted by the PSA was unveiled by Gilles Le Borgne, Executive Vice-President, Research and Development, to manufacturers and academics gathered at the WORLD MATERIALS FORUM 2015, which focused on the theme of materials innovation strategies.

2.4.2.1 LIFE CYCLE ANALYSIS **G4-EN4**

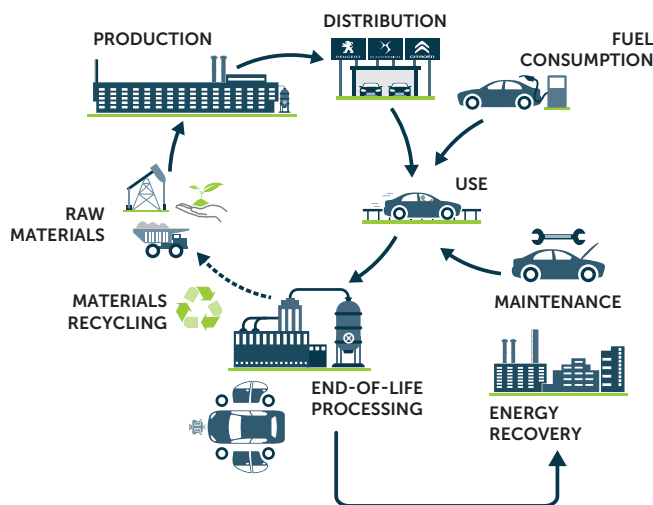
PSA conducts life cycle analyses, within the framework defined in the ISO 14040/044 standards, on its vehicles and components. These studies analyse the multi-criteria environmental footprint of a vehicle and validate its component and materials design. The entire product life cycle is taken into account from raw material extraction, to manufacture, use and end-of-life.

The Group has set a goal of analysing the life cycle of each new family of vehicles. In addition, for each core technological change or strategic innovation, a study is carried out in order to assess any developments in the environmental impacts from these technologies.

The methodology used to conduct the vehicle LCAs has been certified by a critical review Bio By Deloitte, a firm with expertise in life cycle analyses.

As a result, in 2015, life cycle analyses covered 44.5% of the total fleet sold.

Simplified diagram of a vehicle life cycle



MAIN INDICATORS OF ENVIRONMENTAL IMPACTS MONITORED BY PSA

Impact on air	Global Warming Potential in kg CO ₂ eq.: Characterises the average increase in substances that contribute to global warming (CO ₂ , CH ₄ , N ₂ O, etc.).
	Acidification potential in kg SO ₂ eq.: Characterises the increase in the content of acidifying substances that cause acid rain and decay of some forests (SO ₂ , etc.).
	Photochemical Ozone Creation Potential in kg ethene eq.: Characterises the phenomena leading to the formation of ozone which have harmful effects on human health and on plants (VOCs, etc.).
Impact on water	Eutrophication potential in kg phosphate eq.: Characterises the introduction of nutrients such as nitrogen and phosphate compounds that promote the growth of certain algae (NO ₂ , etc.).
Impact on natural resources	Potential for the depletion of natural mineral resources in kg antimony eq. (Sb): Aims to measure the extraction of mineral resources considered to be non-renewable.

The results of life cycle analyses help to:

- highlight the environmental interest of one innovative solution compared to another, and, more broadly, the overall environmental impact from a product;
- identify possible pollution transfers from one phase of the life cycle to another;
- highlight core environmental impacts;
- choose more environmentally friendly technologies and materials.

Examples of the application of life cycle analysis

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

The goal is to guarantee that the environmental impacts from a new model are less than those of the previous generation. These results were verified with regard to:

- the Citroën C4 Cactus Euro 6 with AdBlue® emissions control system, compared with the Citroën C4 sedan;
- the petrol and diesel Euro 6 versions of new Peugeot 308, compared with previous versions.

In addition, PSA cooperates with suppliers to conduct life cycle analyses on parts or components as part of core innovations (changes in raw materials, inclusion of natural/recycled materials, strategic or functional innovations, etc.).

For example, a life cycle analysis conducted in collaboration with VALEO and RHODIA has shown that the use of recycled polyamide

in the cooling fan significantly reduces seven environmental impact indicators evaluated in this study, including a decrease of about 30% for the depletion of primary resources, compared to the same part made with new polyamide.

In 2016, the Group plans to carry out a life cycle analysis on the new commercial vehicles replacing the Peugeot and Citroën Expert/Jumpy and replacements for the Peugeot 3008 and 5008, and will continue analysing the composite parts used to make vehicles lighter.

2.4.2.2 VEHICLE CARBON FOOTPRINT **G4-EN17**

In addition, PSA has begun a process to determine the total CO₂ equivalent coming from its operations in Europe.

These calculations take into consideration all PSA activities that emit greenhouse gases (primarily CO₂), over the whole life cycle of an automotive product.

Accordingly, this assessment will take into account, over one year of activity, emissions from:

- production of materials and components for the vehicles manufactured: all component materials of vehicles manufactured in 2014 have been taken into account, from extraction to moulding and assembly on the vehicle, using life cycle analysis databases;
- the Group's manufacturing plants (assembly plants or components factories) and tertiary sites (including development sites): this information is derived from GHG (greenhouse gas) assessments carried out at all plants and tertiary sites of the PSA (reference 2014 GHG Report);

A GROUPTREND-SETTER IN SUSTAINABILITY MOBILITY

2.4. Environmental impact of materials and end of life: sustainable management of materials at every stage of the life cycle

- fuel extraction and production necessary to use the vehicles manufactured;
- use phase of the vehicles manufactured.

The use of vehicles produced in 2014 has been taken into account according to the following functional unit: use for a duration of ten years and covering 150,000 km.

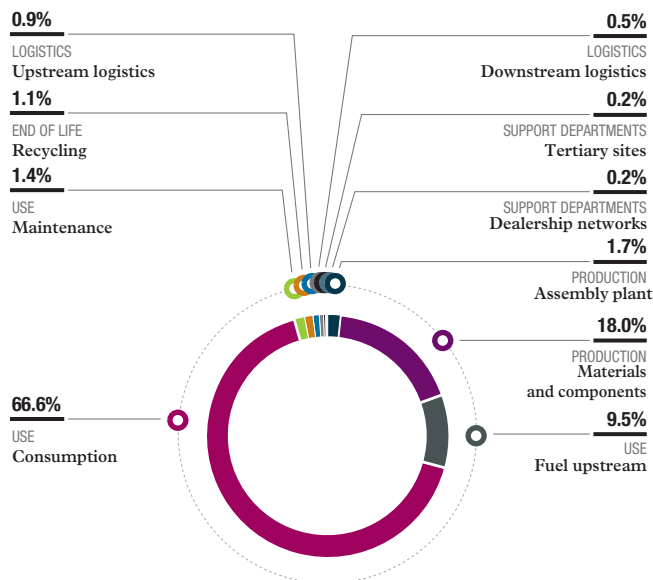
This assumption allows us to assess the amount of fuel consumed. The impact of the production of these fuels is taken into account using the life cycle analysis databases.

Similarly, CO₂ emissions data for each vehicle produced were taken into account;

- vehicle end of life: vehicle end of life was modelled based on the current facility which assesses CO₂ emissions for vehicles processed.

The method was verified and approved by Eco Act, a firm specialising in environmental analysis and greenhouse gas diagnostics.

Distribution of the overall carbon footprint of vehicles produced by the group over a year (2014 data)



Total emissions of CO₂ equivalent for vehicles produced in one year by the Group amounted to 33.2 million tonnes.

The vehicle use phase represents almost 80% of the CO₂ emissions equivalent of the overall vehicle carbon footprint. For this reason, PSA devotes significant research and development to consumption factors and reductions in vehicle weight (see section 2.1).

2.4.2.3 ECO-DESIGN, FOR IMPROVED RECYCLING G.25 G4-EN28

The Group's actions in this field fall within the framework of European Directive No. 2000/53/EC of 18 September 2000 on end-of-life vehicles (ELV) which sets vehicle design requirements and operational processing requirements for the vehicle at end of life. It identifies three types of ELV recovery: reuse of parts, recycling of materials, and energy recovery. Until 2015, it required vehicles to be overall 85% recoverable by vehicle weight, of which 80% is actually

reusable or recyclable. Beginning in 2016, vehicles have to be 95% recoverable, of which 85% reusable or recyclable.

In order to meet these obligations, PSA has organised a network. This highly horizontal organisation brings together all the skills to deal with upstream and downstream processes. The management of the business is divided into two areas: upstream, which covers the issue of eco-design, and downstream, which involves monitoring the collection and treatment of end-of-life vehicles. This work is conducted in close collaboration with partners such as suppliers, recycling operators and manufacturers associations.

Prevention measures: commitment towards recyclability

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are taken into account starting from the design phase. 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 core function, so that an entire sub-assembly can be recycled without prior dismantling;
- marking all 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. For example, PSA has developed a tool for assessing the impact of innovations on the recyclability of future vehicles. These assessments identify the actions to be undertaken with suppliers to develop and improve recycling facilities;
- as part of this commitment, PSA is involved in research and development projects with partners from the automotive and recycling sectors:

- PSA is also heading the European project ABattReLife with the following partners: *Bayerische Motoren Werke AG* (Germany), *Pôle Véhicule du Futur* (France), *Université de Technologie de Belfort-Montbéliard* (France), *Université de Technologie de Troyes* (France), *Nederlandse organisatie voor toegepast natuurwetenschappelijk onderzoek* (Netherlands), *KEMA Nederland B.V.* (Netherlands), *Fraunhofer-Gesellschaft* (Germany), *Bayern Innovativ GmbH* (Germany), *University of Freiberg* (Germany) and *University of Munich* (Germany).

The ABattReLife project ended in August 2015 and deepened the Group's understanding of the life cycle of high-voltage batteries. Practically speaking, it focused on the assembly and management of a database on the behaviour and deterioration of high-voltage batteries, and on the development of strategies and technologies for recycling and reusing lithium-ion batteries.

- PSA has already entered into partnerships with specialised recyclers for the handling of batteries for electric and hybrid vehicles. The end of life batteries will be treated through appropriate and effective recycling technologies;

■ designing the vehicle taking into account the depollution phase. Depollution 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 any pollution transfer during the ELV treatment:

- as a result, PSA has developed an internal method of assessing the depollution ability of vehicles. This qualitative method evaluates the accessibility of parts that must be depolluted 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 depollute ELVs. For any component that has to be depolluted, a datasheet describing the necessary procedure must be prepared during the design stage,

For example, in the housings of automatic transmissions, a so-called area of weakness is now created in addition to the drain screw. This area will be pierced during the clean-up operation and will allow the complete drainage of the oil contained in the transmission. Similarly, when designing the fuel tanks, designers mark the low point(s) to indicate to the operator leading the clean-up operations the area(s) which have to be drilled to completely drain the tank,

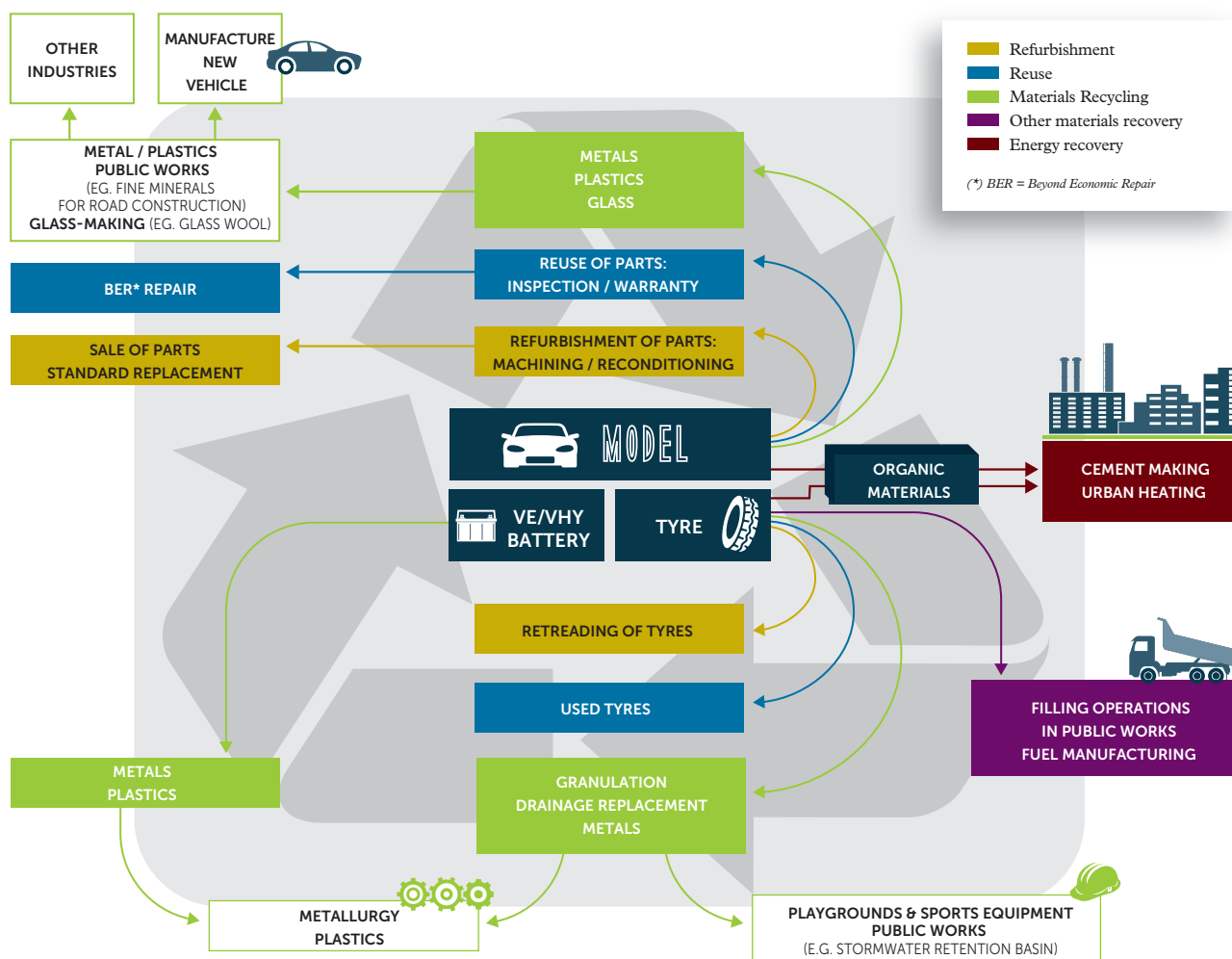
- as a participant in the International Dismantling Information System (IDIS) project, the Group provides recycling facilities with disassembly instructions for the Group's vehicle brands.

On 9 December 2014, the Group's UTAC certificate was renewed for three years, demonstrating its ability to implement the processes needed to meet the requirement of 95% recyclability/recoverability (by weight), of which 85% through reuse or material recycling: all Peugeot, Citroën and DS vehicles are now certified to meet this requirement.

Management of end-of life products: recycling and recovery

Recycling end-of-life vehicles (ELV)

Downstream, the Group has been involved in collecting and processing ELVs from its dealership networks through partnerships with vehicle dismantling and shredding companies for more than 20 years. Demolition companies are in charge of depolluting 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.



To meet regulatory obligations for the handling of end of life vehicles and meet the challenges of economic profitability, the Group uses a combination of dismantlers and shredders, the first for its ability to develop the reuse of parts business and part-by-part material recovery and the second for its technical expertise in sorting after shredding. In addition to metals and plastics, PSA aims to recover a wider range of materials. This supplies two sectors of business activity:

- materials recovery;
- energy recovery.

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

In France, the Group uses industrial partnerships of a high standard, technically and financially. They ensure full tracking of ELVs and guarantee the achievement of the overall recovery rate.

The Group's industrial partners work with networks of certified dismantling companies (503 ELV centres at year-end 2015), that collect ELVs, deregister and depollute them and then dismantle them to resell certain parts for reuse.

- This strategy led to **the collection and processing of more than 792,500 ELVs** coming from the PEUGEOT and CITROËN networks between 2009 and 2015.

The Group's performance in France in overall recovery of ELVs collected through its network is compliant with European regulations and better than the national average:

Group performance in 2013 = 92.7% of which **85.4%** reused or recycled⁽¹⁾.

As previously reported, the most recent ADEME data (2013) at the national level reports overall performance in reuse, recycling and recovery to be 89.3% (of which 85.2% recycling and reuse).

The core challenge now is to maintain favourable economic conditions for the ELV sector, while ensuring the ambitious effective 95% recycling and recovery rate for ELVs collected.

To meet this requirement, the Group works with industrial partners that are capable of achieving these objectives: regulatory compliance, ability to meet removal deadlines, dealer incentives, overall recovery rate of 95%, R&D investment to identify new commercial outlets for the recycling and energy recovery sectors.

In addition, this strategy opens opportunities for new sources of materials for the automotive industry, allowing for the incorporation of recycled materials (plastics, metals, etc.) in the manufacture of new vehicles, according to PSA design goals.

To enable retail customers to return their end-of-life vehicle directly to a dismantling company complying with the highest environmental standards, the Group has developed a location-based search tool for its brands so that customers can find their nearest ELV partner centre based on their postcode or town. The app was launched in France by CITROËN in 2015 on its used vehicles website www.citroenselect.fr. PEUGEOT will introduce it in 2016 on its new website Occasion Du Lion (ODL).

In European markets, the PSA is involved in implementing the action plans defined within the European Automobile Manufacturers' Association (ACEA). In 2015, for example, a new structure was set up in Ireland for the operational monitoring of ELV recycling. At the same time, a cooperative approach was taken with national authorities to stop the decline in the volume of ELVs processed through legal channels in Spain and Portugal. In addition, the PSA monitors all contracts between its subsidiaries and local operators for the processing of end-of-life vehicles, based on various criteria such as the attainment of recycling and recovery rates, etc.

In China, the Group contributes to the public debate by providing legislators with insights ahead of future legislation on end-of-life vehicles.

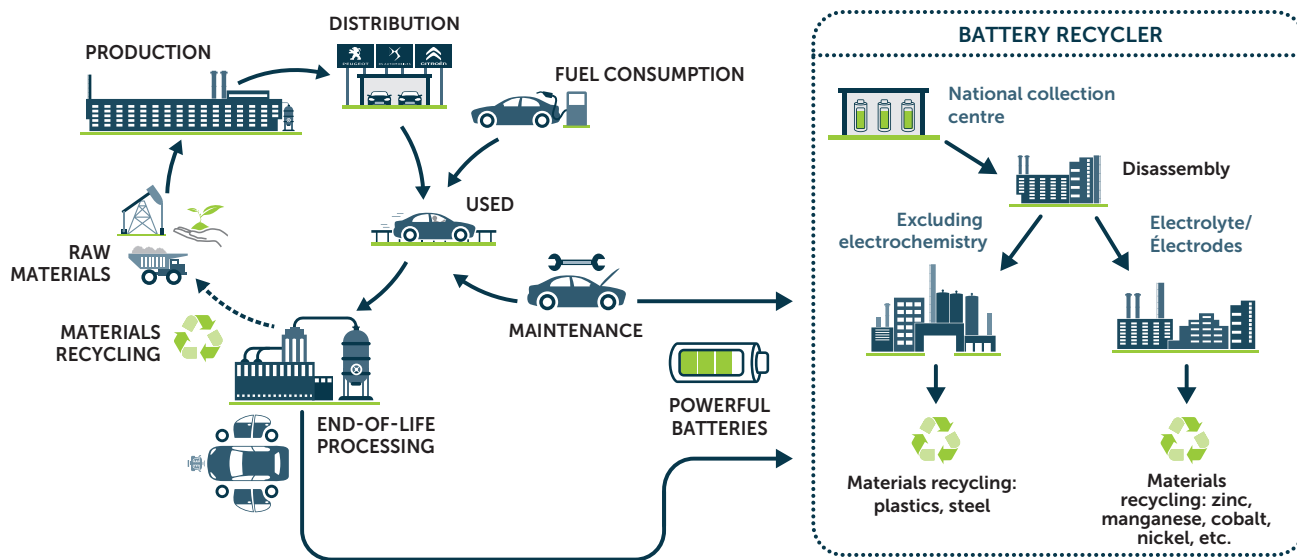
(1) Since ADEME has not released official statements for the end of 2015 concerning ELV operators in France, the Group is not yet able to determine its performance for 2014.

Battery recycling

In accordance with Directive No. 2006/66/EC, the Group has implemented collection and treatment procedures for its batteries used in hybrid and electric vehicles sold in Europe. The battery technology in electric and hybrid vehicles requires specific handling methods.

PSA has entered into a contract with a single partner with high handling capacity for the entire European market, whose recycling

rates are higher than the regulatory threshold of 50%. The agreement covers all of the Group's dealership networks and industrial sites for all traction battery technology across all European marketing regions. In terms of battery legislation, the Group is closely involved in developing standards via the European Automobile Manufacturers' Association (ACEA). Outside Europe, particularly in China, the Group makes an active contribution in partnership with local joint ventures.



Inclusion in the circular economy

Recycling of tyres

In France, on the basis of the principle of extended producer responsibility, the Group's brands have implemented procedures for collecting and processing the tyres held by authorised ELV centres. In 2015, 3,800 tonnes of tyres from ELVs were at least 50% treated as "materials recovery" (for reuse, drainage solutions, granulation, etc.). In addition, all used tyres collected from authorised repairers following vehicle repairs, representing 460,000 tonnes in 2014, are collected and recovered at the national level, of which more than 47% under "materials recovery" (for reuse, granulation, etc.) in 2014.

Thanks to the PSA's support for one of its partners, a new materials recovery process based on vapour thermolysis was unveiled at the end of 2015. This method ensures high-quality materials recycling from used end-of-life tyres (45% fuel oil, 32% carbon black and 5% metal; the remaining 18% is used to power the thermolysis process).

Reuse and refurbishment of parts

The Group has always monitored the sustainability of its products through various commercial repairs services, which reduce the amount of waste generated:

- availability of new spare parts for up to ten years after the end of series production of the model;
- refurbishment of parts and components with high value to develop a standard exchange service;

The SECOIA programme (ECO-friendly service for the Automotive Industry) demonstrates the Group's commitment to the circular economy through the refurbishment of used parts regularly collected from brand repairer networks for over 30 years at the Hérimoncourt centre.

With 16 product families handled in 2015, and 730,000 items processed per year, three-quarters of which are refurbished and resold as "standard replacement parts" and the rest used for materials recovery, this activity generates no waste. For example, 40% of powertrains, 53% of gearboxes, 54% of clutches, 61% of injectors, 78% of particulate filters, and 80% of alternators sold in Europe are from standard replacement parts. These parts are offered to the public with the same Manufacturer warranty as new parts;

- the recovery of parts from ELVs to provide parts for reuse service:

The brands are developing a commercial used parts service so that their network of repairers can offer customers a salvage solution for vehicles written off by their insurer. The Group demonstrates its social commitment with "base of the pyramid" services, and its environmental commitment through its participation in the circular economy.

The French Energy Transition Law, which came into effect in August 2015, will be followed by a decree on parts from the circular economy. The features of the used parts service to be launched by the Group will depend on the provisions of the forthcoming decree.

2.5. MOBILITY SOLUTIONS



Beyond the standard car services (maintenance, financing, insurance), PSA is developing services for a new concept of mobility.

There is a change in consumer behaviour from a need for ownership to a need for usage. The car is no exception to this general trend, and it tends to be perceived much less as a tangible asset than

as an object of mobility, especially by new generations. Analysts therefore foresee a market of 300,000 vehicles for professional car sharing fleets by 2018, with 15 million car-sharing solution users in 2020 in Europe.

The Group is entering this market by offering innovative services.

2.5.1 Mobility services

Social, environmental and technical changes impact consumer behaviour when it comes to modes of transport: urbanisation, CO₂ regulations, economic crises, Generation Y, the systematic use of connected devices have fostered a boom in the sharing economy, best illustrated by the mobility sector.

The shared bike is the fastest growing form of transport in the world. The largest community is located in China, in Hangzhou: 2,000 stations, 50,000 bicycles and 240,000 trips per day.

Carsharing, carpooling and rental are growing and becoming more widespread among individuals. With offers like Mu by Peugeot or Share Your Fleet, these practices are becoming totally secure and more widespread.

PSA projections see the European mobility market growing to more than €13.6 billion in 2020, from €7.7 billion in 2014, an explosion of over 56%.

1.7 million vehicles would be required to serve this market in 2020 (vs. 1.27 million in 2014) in G10 Europe, including 500,000 in the area of car-sharing alone (B2B business car-sharing and B2C urban car-pooling).

PSA is demonstrating its social responsibility by developing a portfolio of mobility services in response to the changing expectations of its stakeholders, be they consumers or local authorities.

Building on the environmental performance of its products, the result of its advanced technologies for combustion, electric and hybrid powertrains, the Group offers effective, mass-market solutions for all types of mobility with a product line-up ranging from two-wheel to light commercial vehicles (LCVs). PSA is therefore a major player in the new mobility landscape, and is already active in the following segments:

- urban car-sharing via its recent strategic partnership with the Bolloré Group, and via its existing service Citroën Multicity Berlin;
- business car-sharing with Share Your Fleet;
- short-term rental and chauffeur service with Mu by PEUGEOT/PEUGEOTRENT.

The Group has a dedicated business unit for mobility services: the "Connected Vehicles and Services & Mobility" business unit. Through the use of new connected vehicle technology and a product range from two-wheel vehicles to LCVs, PSA offers a wide range of mobility services which largely cover the needs of businesses and individuals with over 5,931 vehicles in rental fleets in Europe at the end of 2015.

2.5.1.1. URBAN CAR-SHARING

With Citroën vehicles in Lyon and Bordeaux by 2016

Apart from the production and sale of the Blue Summer electric car, the Bolloré partnership represents a strategic alliance that offers numerous opportunities in terms of mobility services. Bolloré is one of the world leaders in car-sharing. Its Autolib' scheme currently has 189,000 members, 2,900 Bluecar EVs, 900 parking stations and 4,700 charging points in Paris and in 66 towns in the Paris region. The scheme also operates in Lyon, Bordeaux and Indianapolis.

The strategic cooperation agreement signed between the Bolloré group and PSA in 2015 reflects their shared ambition to become a major player in the car-sharing market, an important part of the new mobility economy alongside public transport. The agreement covers the development of a car-sharing partnership in Europe. A joint venture will be set up to expand car-sharing worldwide using electric passenger and commercial vehicles and low-emission combustion vehicles.

Under the partnership with Bolloré, Citroën has boosted its presence in the urban car-sharing market by deploying its C-Zero electric vehicles in Bordeaux and Lyon from 2016.

Citroën Multicity Berlin

<https://www.multicity-carsharing.de/>

The Group's first car-sharing experiment, Citroën Multicity Berlin is equivalent to Autolib' in Paris. It is the first 100% electric operator in the German capital.

Launched in 2012 in partnership with Deutsche Bahn, the scheme consists of a fleet of 250 Citroën C-Zero electric cars. Members of the scheme can book vehicles online or using a smartphone app. Rental is highly flexible because it is billed by the minute at very attractive prices.

2.5.1.2. SHARE YOUR FLEET, A CAR-SHARING SOLUTION FOR BUSINESS FLEETS

<http://www.share-your-fleet.com/>

This service, which is primarily intended for medium-sized and large business car fleets, allows employees to reserve their vehicles online via a simple, user-friendly electronic platform, and access them without keys using an RFID tag system. Radio frequency identification technology can identify a person with a badge through close contact with a reader (e.g. access badges to business premises).

Share Your Fleet includes all the services of a standard long-term lease (maintenance, insurance, etc.), online assistance, and car-sharing technology installed in the vehicles covered under their warranties.

This solution allows companies to:

- reduce mobility costs by up to 30% through the optimised use of vehicles, lower taxi/public transport costs and additional revenue generated by private vehicle use: in the latter case, employees can use company vehicles at the weekend for example, by paying the rental price;
- provide a service that motivates employees: access to vehicles 24/7, flexible use (booking up to 15 minutes before departure).

The internal fleet of Share Your Fleet increased from 20 to 30 vehicles in 2015.

Share Your Fleet is available for a wide range of vehicles, including city cars, sedans, Sport Utility Vehicles, Light-Duty Vehicles and Electric Vehicles.

2.5.1.3. SHORT-TERM RENTAL: MU BY PEUGEOT/PEUGEOTRENT

<https://fr-peugeotrent.peugeot.com/accueil.html>

Since 2010, Peugeot has offered a short-term rental service called Mu By PEUGEOT/PEUGEOTRENT. Launched in France, followed by Germany and the UK, as of 31 December 2015 Mu by PEUGEOT/PEUGEOTRENT had a fleet of 5,651 vehicles designed to meet different types of needs for professionals and individuals:

- traditional short-term rental of a wide range of vehicles for specific purposes: from small city cars ideal for getting around town, to commercial vehicles for moving house, for example;
- extended vehicle test drives;
- replacement vehicle when the driver's own car is being serviced.

Unlike more traditional car hire services, Mu by PEUGEOT/PEUGEOTRENT guarantees customers the exact model they reserved.

In addition, Mu by PEUGEOT/PEUGEOTRENT customers can hire a Peugeot 508 with a driver under a partner arrangement with LeCab.

2.5.2. A new mobility experience

The Group is committed to providing enjoyable, personalised and relevant experiences to satisfy the ever-changing needs of its customers. PSA was an early adopter of communicating cars and is pursuing its plans for this technology. On 6 January 2016, PSA announced that it was joining forces with Ford to develop the next generation of on-board infotainment standards, with a view to offering motorists a safer and more practical in-car experience. The two partners will explore possible synergies between SmartDeviceLink and Car Easy Apps technology.

- SmartDeviceLink (SDL) integrates smartphone apps (entertainment, traffic updates, parking, etc.) with vehicle infotainment systems, allowing them to be accessed via voice recognition or the dashboard with its built-in touchscreen. SDL technology also uses the vehicle's data to create a rich, immersive experience that is streets ahead of competing solutions.
- Car Easy Apps allows secure data exchange between the vehicle, smart devices and the cloud, thanks to a built-in app manager. Without compromising data security or vehicle performance, this technology creates opportunities for new customer services and applications.

2.5.2.1. CONNECTED SERVICES

PSA, a pioneer in communicating cars

Since 2003, the Group has been renowned for its best-selling emergency call and automated assistance systems, which automatically call for help in case of an accident. To date, more than 1.8 million Peugeot, Citroën and DS vehicles have been equipped with this system. Since 2012, PSA has also offered drivers online support, communication and information services. The Group is also one of the first carmakers to use smartphone screen to vehicle screen transfer technology (via MirrorLink® and Apple CarPlay™) and to offer a telematics unit as standard for remote fleet management.

Although it will not be a regulatory requirement in Europe until 2018, PSA is already installing telematics units on board an increasing range of its vehicles. The Connect Box unit will enable all of its vehicles to communicate.

Since 2015, Connect Packs have been improving the emergency and assistance call that propelled cars into the Internet of things in 2010, with a range of useful everyday services such as Monitoring, Mapping and Tracking Packs.

Each of the Group's brands offers its own service pack (**Peugeot Connect, Citroën Connect or DS Connect**).

- These services, managed by PSA's "Connected Vehicles and Services" business unit, cover driver infotainment, safety, maintenance, connected navigation and extension of the automotive experience, even after the journey.

They are installed in the vehicle or downloaded to the customer's smartphone.

2.5.2.1.1. In-car connected services

Emergency call and assistance systems

In the event of a breakdown or accident, customers with a Connect Box with integrated GPS module and SIM card are automatically contacted by an operator, who identifies and locates them before dispatching technical support or emergency services, as required. Both services are subscription-free and available for an unlimited period. They are operational 24/7, even abroad. Launched in 2003 under the names "**Peugeot Connect SOS & Assistance**", "**Citroën Connect Box with SOS & Assistance pack**" and "**DS Connect Box with SOS & Assistance pack**", these services are already installed in over 1.8 million vehicles.

Peugeot, Citroën and DS Connect Packs

The Connect Box allows service packs to be offered, which are available via the car's Internet connection.

The Monitoring Pack is a virtual service log (automatic monitoring of mileage and service schedule, notification when a service is due) and eco-driving (personal tips based on driving style);

The Mapping Pack allows the vehicle to be located in real time, displays the route, stores previous journeys and sends an email notification when the car is used (for example, if it leaves a predefined area or is driven without the owner's consent). Details of the current journey and previous journeys can also be displayed;

The Tracking Pack locates the car via GPS so that the police can trace it in the event of theft.

Peugeot Connect Packs have just been launched, while Citroën and DS Connect Packs will be available in early 2016.

Peugeot, Citroën and DS Connect Fleet Management

This service allows companies to address the three issues faced by fleet managers: fleet maintenance, with various mechanical and technical notifications; the environment, with CO₂ emissions, actual fuel consumption and personal eco-driving instruction; and optimisation of vehicle use with statistics on usage, GPS tracking and mileage.

This service is compatible with any Group vehicle fitted with the Connect Box as standard or following the aftermarket installation of a telematics unit in new or used vehicles.

Launched in September 2014, this service has already been sold to more than 100 companies with over 8,000 cars.

Peugeot Connect Apps, Citroën Multicity Connect

This is a package of 18 apps specially designed to make driving easier and safer. It includes:

- MICHELIN®: list of recommended routes for frequent journeys. Traffic information and ViaMichelin® with simplified visual guidance. Michelin Guide with all the latest updates;
- COYOTE®: access to a community of 2 million users, compliant with the laws in different countries;

- FUEL: finds the cheapest service stations, with a notification that can be set up based on the vehicle's range;

- PARKING: locates car parks and if necessary indicates the number of spaces available.

Also included are MyCitroën, TripAdvisor, TellMeWhere, Weather, Yellow Pages, Facebook, Wikipedia, Total, Email Reader, games and accessories (e.g. calculator, etc.).

It works using a special USB stick plugged into a vehicle port, which connects to the 3G network and provides access to useful, real-time information in 17 European countries.

Intuitive apps, accessed via the built-in screen, have been designed to avoid distracting the driver and can even be used while the vehicle is moving.

The driver or passengers can use the icons in each app to start the navigation or make a call.

Launched at the end of 2012, the service has been sold to around 20,000 customers.

2.5.2.1.2. Connected services for smartphones

Peugeot and Citroën Mirror Screen, DS Mirror Screen

With the Mirror Screen function, apps on a smartphone can be safely accessed via the vehicle's touchscreen using **MirrorLink®** technology (Android) or **Apple CarPlay™** (iPhone). The selected apps are certified for driver safety with a specially designed interface, accessed via the touchscreen or in some cases by voice command. This means that the driver does not need to touch the handset.

Launched in June 2014 on the Peugeot 108 and Citroën C1, and then in June 2015 on the Peugeot 208 and Partner, the Citroën C3, C4, C5 and Berlingo, and the DS 3, DS 4 and DS 5, Mirror Screen is now installed in around 290,000 vehicles.

MyPeugeot, MyCitroën and MyDS

These are free, simple and intuitive apps that extend the driving experience to the smartphone.

Using a Bluetooth connection, the app retrieves the vehicle's technical data. Customers can then use a smartphone to look up journey statistics and improve their fuel consumption. In addition, regular service reminders mean that the customer knows when the next scheduled service is due.

Using the "Find my car" and "Continue navigation" features, customers can easily return to where they parked the car, or continue their journey on foot with guidance to the final destination.

In-car, MyDS allows customers to send and receive text messages by voice command, check their diary or find a particular retailer.

Since 2014, over 130,000 customers have already downloaded these apps.

2.5.2.1.3. Focus on the connected services offered in China

Drawing on its experience in Europe, in 2014 the Group launched connected service packages in China with its joint venture partners DPCA and CAPSA. Blue-i (Peugeot), Citroën Connect and DS Connect are now available in new vehicles. Designed to be compatible with the driving position, these round-the-clock services are offered to customers on a two-year contract. They allow access to emergency services and assistance and provide information on traffic, local points of interest and new vehicle features, as well as news updates. These in-car services are accompanied by a mobile app on the customer's smartphone. This includes, for example, a

"last-mile guidance" system, enabling the customer to complete the journey on foot with guidance to the final destination after parking the vehicle.

Towards telematics solutions as standard

Moreover, to meet the needs of increasingly connected consumers, the Group is developing a new generation of open, scalable telematics platforms. Launched in 2016, this has been designed to offer a seamless digital interface with a smartphone or tablet. This technology will allow the rapid introduction of new services and an ecosystem of applications will emerge.

Increasing integration with the Internet of things

From 2017, PSA will launch innovative solutions that will put Peugeot, Citroën and DS at the heart of the Internet of things. With secure access, our customers will be able to interface with their household appliances and control some functions remotely, such as heating and TV.

2.5.2.2. THE AUTONOMOUS CAR: PSA LEADS THE WAY

The new connected services offered by PSA are designed to make mobility safer, more efficient and more environmentally friendly.

The Group's Connectivity roadmap consists of three key stages that will enable it to meet these challenges: "Save Time" (2016), "Easy Life" (2016-2018), and "Enjoy Life" (2018-2020).

Based on this roadmap, the Group will gradually introduce a series of technological solutions, such as remote services and Car-to-Car and Car-to-Infrastructure communications technology, to create a sort of automotive social network.

Continuous connectivity will pave the way for autonomous driving, a huge opportunity to improve road safety (nearly 90% of road accidents are caused by human error).

PSA has defined three stages for its advanced driver assistance systems (ADAS).

- The first stage is known as "Hands-On", and will be rolled out until 2016. The driver keeps his or her hands on the steering wheel but is supported by various solutions, such as autonomous braking and driver assistance.
- The second stage is "Hands-Off", and will take place from 2016 until 2018. It will see the introduction of full parking and driving assistance.
- The third and final stage, "Eyes-Off", is planned for 2020-2025. It includes remote parking capabilities and the advent of a fully autonomous, driverless vehicle ("Mind Off"). In October 2015, PSA drove a prototype autonomous car on a French motorway (see section 2.0.2.1).

The autonomous vehicle will satisfy the aspirations of younger generations with minimum constraints, while serving the needs of older drivers with maximum driver assistance to extend their mobility. In an autonomous car, drivers will be able to spend their time either working or relaxing with passengers, making the journey even more enjoyable.

This strategy was unveiled by the Chairman of the Managing Board in his opening address at the round table on "How to reconcile the environment and mobility: what challenges for society?", held on 23 November 2015 at the *Palais de la Découverte* in Paris, in partnership with Uniscience.

The Group's vision of the autonomous vehicle is the subject of commitment No. 4 in the Group's strategic CSR issues dashboard, presented in Chapter 1 of this report.

2.5.3 Dedicated finance and insurance packages provided

Most BANQUE PSA FINANCE branches are now offering packages to both individual customers and corporate customers, which are designed in close collaboration with the PEUGEOT, CITROËN and DS marketing teams – that combine vehicle financing, maintenance and personal and vehicle insurance. These packages allow permanent use of a vehicle for a fixed monthly "subscription", no matter what happens during the contract, for example if the vehicle is off the road due to a breakdown or accident, or if the person becomes unemployed or is unable to work.

BANQUE PSA FINANCE also offers solutions to extend the manufacturer's warranty, extending the maintenance and upkeep beyond the normal brand warranty period and thus supporting its customers' mobility.

With a fleet of 430,000 long-term rental vehicles, BANQUE PSA FINANCE is a core player in business car rentals in Europe; it is the sixth-largest in 31-country Europe (including Turkey).

For its corporate customers, the financing solutions designed for vehicle fleets allow customers, depending on their profile, to opt either for a variable budget based on the mileage driven by their vehicles, or for a constant budget for consistent use. An extranet site is also offered in six countries, which allows managers of business vehicle fleets to track in real time the cost of vehicle use (TCO or

total cost of ownership) and optimise their fleets and manage fuel consumption.

During responses to calls for tender, in relation to the brands, BANQUE PSA FINANCE offers its core corporate accounts training in eco-driving designed for drivers of financed vehicles to help them control fuel expenses by teaching them how to use less fuel, thus reducing pollutive emissions and the risk of accidents and promoting greater respect for the rules of the road.

Finally, during calls for tender, BANQUE PSA FINANCE encourages customers to get a business pack, which includes a GPS and Bluetooth device so that they can restructure their travel time and reduce the risk of accidents.

BANQUE PSA FINANCE facilitates electric vehicle use by its customers by offering them services such as battery rental and maintenance, in the form of a general offer (rental of vehicle and battery), or in the form of a separate offer (battery rental only).

In 2015, PEUGEOT, in association with BANQUE PSA FINANCE, offered its retail customers an "Electric Box" package, which combines the long-term rental of a PEUGEOT iOn with an electric bike in return for a monthly lease of €99. To be eligible, customers must have a diesel vehicle that is more than 14 years old, which is scrapped at the same time.

In April 2015, Peugeot offered Group employees a LOA (lease with option to purchase) to buy the Peugeot iOn with a special staff discount. In November 2015, Citroën offered Group employees two similar schemes for the Citroën C-Zero, one of which required an

older diesel (over 14 years old) to be scrapped at the same time. These schemes, which have been developed in association with BANQUE PSA FINANCE, are designed to encourage employee uptake of electric vehicles.

2.6. SCOPE AND REPORTING METHODOLOGY

G4-20

G4-22

G4-23

The data in this section correspond to the set of products designed and marketed by the Group in its business locations; where the scope is different, this difference is noted at each indicator.



3 HUMAN RESOURCES, DRIVING CHANGE WITHIN PSA

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For PSA, company performance and social performance are intrinsically linked. The human resources policy initiated by the Group forms a competitive advantage in terms of dealing with company transformations, anticipating and innovating. The policy has led to a number of initiatives which are presented in this chapter.

By focusing on social dialogue to design innovative and concerted solutions, the Group human resources policy maintains social cohesion and fosters the conditions of confidence and commitment.

This policy underlines a renewed ambition to make the most of the talents and skills within the Group. By giving all individuals and all talent the chance to develop and achieve their potential, PSA has put a major performance driver in motion and taken steps towards building its future.







The PSA Global Framework Agreement on Social Responsibility and its commitments to respecting fundamental human rights form a core reference system for this responsible human resources policy. The policy focuses on each person to ensure merit-based equal opportunities.

The PSA human resources policy offers strong responses to five social issues identified by the Group (see section 1.3.2.1):

- social dialogue and responsible management of employment;
- attracting, identifying, developing and retaining talent;
- well-being, occupational health and safety;
- diversity, gender equality and equal opportunities;
- compliance with human rights and the free exercise of union rights.

The policy is implemented on three levels: the human resources development policy, occupational health and safety policy and employee relations policy. Management systems specify the requirements and maturity stages. Their application is checked and improved in the interests of ongoing development.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
SOCIAL DIALOGUE AND MANAGEMENT OF EMPLOYMENT*	See section 1.3.4.2: Scoreboard of commitments and pathways for the strategic CSR issues.				
OCCUPATIONAL HEALTH AND SAFETY*					
ATTRACTING, DEVELOPING AND RETAINING TALENT	Develop and acknowledge employees' skills.	More than 80% of managers, technicians and supervisors complete a development action from their Personal Development Plan (PDP) during the year.	Use the PDP as a means to develop for more than 80% of managers and technicians versus 25% in 2014.	<u>Target met:</u> a PDP for 81% of managers and technicians.	Doubling of digital learning training.
DIVERSITY AND EQUAL OPPORTUNITY	Promote gender equality and diversity, ensure equal opportunity and prevent discrimination.	Increase the proportion of women senior managers and executives to 20%, i.e. a proportion above the current representation of women in the company.	Develop the internal talent pool of women managers suitable for senior manager positions, a condition to providing sustainable support toward the top management proportion of women target.	<u>Target met:</u> the percentage of women promotions to the talent pool equals to 26%, illustrating a committed approach as women represent 20% of the positions those promotions come from.	The percentage of women in top management positions is up 1 point.
HUMAN RIGHTS AND UNION RIGHTS	Guarantee the respect and application of the Global Framework Agreement on Corporate Social Responsibility.	Lead and monitor the company's commitments to social responsibility through social dialogue that would include the employee representatives in each company of the Group.	Assess the application of the Global Framework Agreement and reach 80% adoption of the agreement 15 CSR commitments.	<u>Target met:</u> adoption rate of the agreement 15 CSR commitments of 85% (self-assessment carried out in June 2015 with 30 countries).	Zero non-compliance or disagreement regarding the application of the Global Framework Agreement without resolution in the year.

* Strategic issue set out in Chapter 1 and monitored by the Executive Committee.

3.1. THE PATH OF SOCIAL DIALOGUE TO INVIGORATE THE PSA NEW SOCIAL CONTRACT

PSA puts a premium on social dialogue to lead to company transformation and prepare employees for developments. It is a responsible policy revealed in the sharing of the Group strategy with trade unions representing employees, and in a culture of social dialogue at Group level as well as in each country and in each workplace.

A SYSTEM FOR MANAGING EMPLOYEE RELATIONS

PSA recognises the essential role of trade unions in company dialogue and social cohesion. The Group actively supports employee freedom of association and employee representation, is committed to respecting the independence and pluralism of trade unions at all its sites and exercises an active contractual policy. In all countries and all sites with a large workforce, Works Committees or Councils are formed of staff representatives. 97% of employees are represented by trade union organisations or staff representatives. In the event of no staff representation, other participative initiatives have been implemented. In Shanghai, for instance, the "Voice of Employees" information and exchange body liaises with employee representatives from all company entities.

Staff representation is ensured in the Group's governance (see section 1.2.3).

Structured around six principles, PSA's employee relations policy is designed to support a harmonious working environment in every plant and facility. A set of tools is in place to foresee and manage all developments impacting the business. They form a management system.

The System for Managing Employee Relations – the six principles

1. The Group respects and is committed to promoting the principles of the Universal Declaration of Human Rights and the International Labour Organization
2. Working processes and standards meet current labour regulations
3. The Group's social dialogue is based on independent trade unions and employee representatives
4. Contractual agreements combine the Company's operational efficiency with the satisfaction and commitment of employees, strengthening internal social cohesion
5. Social dialogue, based on respect and responsibility, takes place daily by managers within the work units
6. Social policy in all subsidiaries is assessed regularly

3.1.1. Social dialogue around the world



THE PSA GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY

PSA formalised its CSR commitment by signing the United Nations Global Compact in 2003. However the Group wanted to quickly demonstrate the full depth of its commitment and decided to get a wide range of stakeholders involved in the process at an international level. With over 90 trade unions all over the world, IndustriALL Global Union (formerly International Organisations of Metal Workers' Federation – FIOM) and IndustriALL Europe (formerly European Metallurgists' Federation – FEM), the Group signed a Global Framework Agreement on Corporate Social Responsibility in 2006. The Group renewed this agreement in 2010, dedicating a new chapter to environmental protection and consolidating its social commitments.

It engages the Group 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. The Group also shares its standards with its industrial partners, suppliers and independent dealers by means of a contractual clause. This agreement is expressed in 15 commitments.

15 commitments of Global Framework Agreement on PSA's Social Responsibility

1. Non-complicity in the violation of human rights
2. Freedom of association and recognition of the right to collective bargaining
3. Abolition of child labour
4. Elimination of discrimination and promotion of equal opportunities
5. Fight against corruption
6. Safety, working conditions and health
7. Developing future skills through continuous in-service training
8. Opportunities for employee participation
9. Advance planning for changes to professional and job profiles
10. Pay
11. Social protection
12. Negotiated work organisations
13. Shared social responsibility with suppliers, sub-contractors, industrial partners and distribution networks
14. Consideration of the impact of company activity at the local level
15. Environmental protection

The Global Framework Agreement applies to all Group companies (see section 3.6 Scope). It promotes compliance with social, societal and environmental requirements through exhaustive action plans monitoring and business support on a wide scale.

As part of this agreement, every year, each subsidiary defines its priorities for action and applies action plans to improve their ability fulfilling the agreement commitments. In 2015, 222 action plans were defined in the 89 Group subsidiaries based in 30 countries on 4 continents.

Every three years, each subsidiary carries out a self-assessment of the agreement application, involving the trade unions in the process. In 2015, 85% of the 79 trade unions involved in this three-yearly evaluation confirmed progress in fulfilling the agreement CSR commitments. In addition, an audit is carried out annually (see section 3.5.2).

THE EXTENDED EUROPEAN GROUP WORKS COUNCIL, REPRESENTING ALL EMPLOYEES

Set up in 1996, the European Group Works Council is a body for dialogue and discussion between management and employee representatives. Dealing with the Group's strategy, results and outlook, this body allows the general management to understand the concerns, expectations and suggestions of employees, but also

to build the partnerships necessary to carry out large cross-functional projects. During its annual plenary meeting, the Group's European Works Council is expanded into a Global Council, with delegates from Argentina, Brazil and Russia.

In 2015, the European Works Council and its Liaison Committee of officers met eight times. As every year, a review of the Global Framework Agreement application was made at the plenary meeting.

THE JOINT UNION-MANAGEMENT STRATEGY COMMITTEE, SUPPORTING DIALOGUE AND DISCUSSION

A body for dialogue and discussion, this committee allows more and earlier involvement of the employee representatives in the Group strategy. The French representative organisations and the main trade unions of the non-French European companies are represented on the Committee.

To strengthen social dialogue and share the Company's vision, priorities and projects, the remit of this Committee was extended in 2013 according to the procedures set out in the "New Social Contract". The three-year Medium-Term Plan is presented to the Joint Union-Management Strategy Committee, covering commercial strategy, R&D strategy and industrial strategy, including forecasts of product launches and volumes. In 2015, it met five times.

3.1.2. A contractual dynamic G.7 G4-II G4-LA4

PSA is committed to leading a quality contractual policy, based on a sound understanding of the company, which seeks out innovative solutions and demonstrates a capacity to reconcile the company's economic and social challenges.

THE AGREEMENTS WORLDWIDE

In 2015, 106 company agreements were concluded, 78 of which were outside France.

Worldwide, 95% of Group employees are covered by a collective bargaining agreement at sectoral and/or company level.

The signing of the 'New Social Contract' in France, on 24 October 2013, by four trade unions representing 62% of employees reflected the growing significance of social dialogue at the core of the Group's economic recovery strategy. By foreseeing transformations, securing employment and offering young people jobs within the company, this agreement aims to develop competitiveness and safeguard strong R&D and industrial bases in France. It has a direct impact on company performance.

Abroad, agreements concluded with trade unions have also made it possible to support company changes and manage employment in a responsible, concerted and appropriate manner in the local economic and social environment, particularly in Europe and Latin America. Employment agreements have been negotiated and concluded in every European subsidiaries where necessary (Germany, Austria, Belgium, Italy and the Netherlands).

MINIMUM NOTICE PERIODS FOR CHANGES IN ORGANISATION

PSA's human resources policy provides for the anticipation of changes to professions and employment together with a social approach to business changes. In its Global Framework Agreement on Corporate Social Responsibility, the Group "agrees, in the event of change in activity, to ensure information and consultation with employee representatives in due time". The provisions vary in accordance with the country regulations and the types of changes in organisation expected. The notice procedures and conditions for execution and compensation for collective work schedules are set out in local company agreements. For example, in France, the New Social Contract specifies the rules for changing work schedule calendars and sets forth compensation in the event of an additional collective session within a notice period of less than seven calendar days. It also governs the working hours increase within actual daily working hours to a twenty-minute limit under a daily production guarantee. In another instance, the Kaluga production centre in Russia has implemented reduced working hours for a temporary six-month period to adapt production levels and preserve jobs. A two-month notice period was given between notification of the plan and its implementation.

3.1.3. Promoting employee motivation and commitment G4-DMA

PSA strives to keep employees informed, listen to them and implement participatory initiatives. The Group has a set of tools for measuring the satisfaction of employees and better assessing their aspirations. Surveys conducted on a regular basis by opinion study organisations measure the satisfaction and confidence levels of Group employees.

Launched in 2013, the 'Team Connect' survey involves all employees. As such, over 40,000 employees in 33 countries outside France were given the opportunity to express their view on the Group. The participation rate in the second round in November 2014 was 81%, up 3%.

This social barometer, intended to gain a deeper insight into the commitment of employees and draw up practical and targeted action plans, explores the motivation and environmental perception of employees. Around 700 managers received a results report on their team's situation. "Team Connect action reviews" were set up to support staff and share best practice, with regular communication

to report on initiatives undertaken following the first survey ("Implementing Your Opinion").

As well as measuring stress factors, the Workplace Stress Measuring and Monitoring Programme (see section 3.4.2.3) regularly evaluates a motivation index and sheds light on the factors that greatly impact the issue.

Moreover, the Group has encouraged and promoted the suggestions from operators. A business support system ("Déclic" or "Idea" depending on the country) makes it possible to collect ideas for improvement, quickly process them in view of their application and reward the best of them. This participatory initiative is an indication of employee commitment and motivation. It is monitored among the performance indicators by each production plant and taken into account among the skill assessment criteria and in operator career development action plans.

3.2. RESPONSIBLE EMPLOYMENT AND SKILLS MANAGEMENT G.34

To achieve its transformation plans, PSA engages in ongoing dialogue with employee representatives and promotes a contractual approach. Anticipating changes via workforce and skills planning

(GPEC), a major priority for the Group, was at the core of building the "New Social Contract".



ECONOMIC INSIGHT

The objectives and means of economic reconstruction for the Group set out in the "Back In the Race" project were based on the observation that with a wage cost/revenue ratio of 14.5% in 2013, the Group was not profitable and not able to make the most of its skills. Based on the average ratio of 13.5% observed in the automotive industry, and of 11% among the best, the Group set the goal of achieving a wage cost/revenue ratio of less than 12% by 2016. The purpose of this goal is to restore human capital profitability, increase company performance and preserve employment.

The challenge of increasing revenue against employees requires different types of adjustment that are implemented via agreements with employee and labour union representatives to gain flexibility and competitiveness.

In late 2015, profit and loss was 12%, ahead of target, which has helped to safeguard employment and restore profitability. The performance objective for 2016 is to reach for better standards and to improve the Group's competitive position.

Economic perspectives on skill development and occupational safety are presented in this chapter.

3.2.1. Ways to adapt resources to the company's needs

G4-DMA

G4-LA1

G4-IO

G4-LA12

Wherever adjustments and restructurings are required, PSA implements initiatives to prioritise performance since employees and their employment are best protected by performance. In the event of downsizing, the Group offers provisions to support employees in secure job solutions. Internal retraining programmes and external mobility seek to ensure employability and safeguard career paths.

THE PROFESSIONS AND SKILLS OBSERVATORY, TO ANTICIPATE CHANGES

A joint body implemented by the Group in France, the Professions and Skills Observatory, helps develop a prospective vision of the evolution of Group professions and establish shared analyses of professions in high demand (unmet needs) and at-risk professions (downsizing and retraining needs). It is based on the job families and professions initiative (see section 3.3.1). Meeting twice a year at corporate level and three times locally, the Observatory implements permanent action plans to restore balance among the professions.

The Professions and Skills Observatory is a key Group tool to anticipate employment developments, communicate with transparency and responsibility, trigger professional mobility and prevent overstaffing.

SAFEGUARDING CAREER PATHS

Priority is given to internal resources and their development. The "Top Compétences" programme launched in 2012 is designed to better meet the Group's competitiveness and skills reallocation needs. Aimed at all socio-professional categories, it has opened up new retraining opportunities supported by an increased emphasis on individual training. Employees who benefit from this training programme have access to new positions with promising futures.

With "Top Compétences", more than 2,800 employees have had the opportunity to get trained in a new Group profession, while a total of 178,100 hours of training have been provided in courses of 75 hours on average, over periods of 18 to 24 months. This programme is available in France and other European countries.

Safeguarding career paths has also taken the form of external professional mobility supported by re-employment, retraining in a new activity and setting up businesses. In France, it is based on the innovative solutions formulated by the "New Social Contract" agreement:

- probationary mobility period under the Jobs and Skills Alignment Plan (DAEC) to allow outplacement candidates to return up to the end of their trial period with a new employer;
- secure mobility periods under workforce and skills planning (GPEC), allowing outplacement candidates to return to PSA for up to two years after starting a new job;

- career transition passport under the Territorial Career Mobility and Transition Platforms (PTMTP).

Safeguarding career paths is also a key feature of the PSA intergenerational contract, which provides for retaining older employees while hiring young people: for each older employee retained in a job, a young person is hired, particularly via work-study contracts (apprenticeships especially).

BUILDING AN ECOSYSTEM BENEFICIAL TO EMPLOYMENT

An illustration of PSA's Corporate Social Responsibility, the Territorial Career Mobility and Transition Platforms (PTMTP) manage the safeguarding of career paths at regional level, resulting from sustained stakeholder dialogue in the regions.

Set up in the Group's five French host regions (Alsace Champagne-Ardenne Lorraine, Brittany, Franche-Comté, Île-de-France, Nord-Pas-de-Calais) with government support, these platforms are based on partnerships forged with recruiting companies of all sizes, from SMEs to international groups.

Based on these companies' offers and on their commitment to hire PSA employees if they successfully complete their retraining, the Group builds tailored training paths with its partners of at least 300 hours. This career transition passport allows employees interested in transitioning measures to fill the gap between their current and future job while remaining PSA employees until they are definitively hired (end of trial period) within their new position. Partner companies benefit from a process of selection, training and professional integration involving motivated and experienced employees. This programme is particularly beneficial for SMEs. The scheme boosts the local job market and supports regional development in line with PSA's societal commitment.

This initiative has been in place since 2015 and the professional mobility of Group employees has been undertaken in the luxury (Hermès), chemistry (Solvay), transport (Transdev) and security (Centaure) sectors. On 22 October 2015, the first performance and feedback review was carried out with all stakeholders (companies, signatories trade unions and public and private players) involved in the Territorial Career Mobility and Transition Platforms implementing this innovative employment initiative.

A COMMITMENT TO REINDUSTRIALISATION

The Group is mindful of the regions hosting its facilities and particularly vigilant in terms of the impacts of the industrial transformations it undertakes.

At the Rennes facility (France), for instance, the prospect of new manufacturing activities resulted in the creation by the SNCF of

a restoration workshop for high-speed trains, and the creation of Excelcar, a centre for bodyshop excellence and tools development for the automotive industry. In March 2015, B3 Ecodesign, an SME transforming sea containers into homes, inaugurated its workshop on the site, and in October 2015, SITA laid the first stone of a new multimodal platform for the recovery of waste produced in the greater Rennes area. These activities, creating jobs and innovation, are based on PSA's know-how.

In Madrid, the Optimad project aims to use and make the best of existing industrial floors and protect their competitiveness.

BACKING GROUP ACTIVITIES WITH STRATEGIC PARTNERSHIPS

To restore profitability, the economic recovery of the Group requires the strategic management of a portfolio of activities and skills. The Group has forged new strategic partnerships in order to entrust certain activities to operators specialised in those activities and capable of developing their performance and competitiveness over the long-term. Despite being included in outgoing staff numbers in the following tables, the staff transfers within this framework help to preserve employment.

3.2.2. The Group's workforce

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS OVER SIX YEARS BY DIVISION G.1A
(At 31 December)

	2010	2011	2012	2013	2014	2015
Automotive Division	120,880	122,879	119,783	111,228	103,894	95,669
Other	3,770	3,857	3,679	3,661	3,510	1,270
TOTAL	124,650	126,736	123,462	114,889	107,404	96,939

Downsizing in the "other" section is linked to the removal of companies formed as joint ventures between BANQUE PSA FINANCE and Santander Consumer Finance (see section 3.6 on methodology and scope of reporting) from the reporting consolidation scope. As part of the cooperation in place with Santander Consumer Service, other joint ventures will be created during 2016.

In China, the Group's second market after Europe, PSA has joined forces with its strategic partners DONGFENG and CHANGAN to develop major activities which now include five assembly plants, with one in construction, and two components factories, alongside an R&D centre and the regional Asia headquarters in Shanghai. These activities account for a total of 19,000 jobs, distributed as follows according to company:

- DONGFENG PEUGEOT CITROËN AUTOMOBILES (DPCA): three assembly plants in Wuhan, one assembly plant in construction in Chengdu, one components factory in Xiangyang, the PEUGEOT trade office in Beijing, the CITROËN trade office in Shanghai and

the Dongfeng Peugeot Citroën Automotive Finance Company bank in Beijing, employing 15,382 people in total at the close of 2015;

- CHANGAN PSA AUTOMOBILES (CAPSA): an assembly plant in Shenzhen, a components factory in Shenzhen and the DS trade office in Shanghai, employing 2,183 people in total at the close of 2015;
- PSA Management Company, a wholly owned subsidiary of PCA, in Shanghai, comprising all of the PSA Asia regional headquarters activities and employing 175 people in total;
- Peugeot Citroën Automotive Trade Company, a wholly owned subsidiary of PCA, in Shanghai, comprising PSA R&D activities in China and employing 691 people at the close of 2015.

Only staff members employed in companies where the Group has majority control over the capital are recognised in this report.

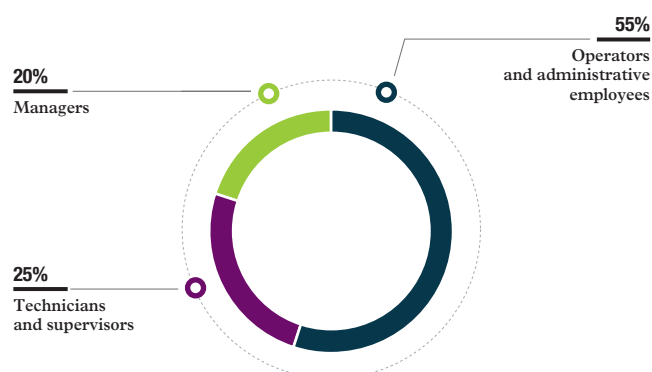
NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION AND DIVISION G.1D
(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	65,809	21,977	7,883	95,669
Other	328	910	32	1,270
TOTAL	66,137	22,887	7,915	96,939

On 31 December 2015, the Group had 96,939 employees: 95% are under permanent contracts, i.e. 92,246 people. 32% of employees work outside of France (24% in Europe and 8% outside of Europe).

Breakdown of employees under permanent and fixed-term contracts by socio-professional category

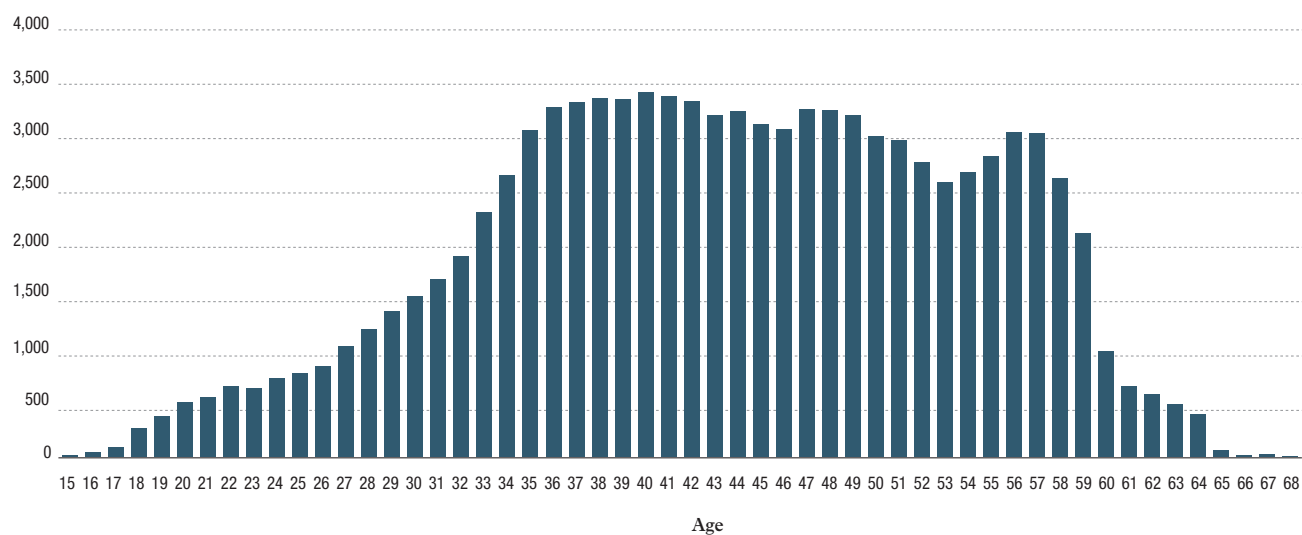
(At 31 December)



Age pyramid

(Number of employees under permanent contracts and fixed-term contracts, at 31 December)

Workforce



NET JOBS CREATED, 2013-2015

	Workforce at 12/31/2013	2013-2015 Acquisitions/ Disposals Balance	Net jobs created	Workforce at 12/31/2015
Rest of Europe	29,141	-650	-5,604	22,887
Rest of the world	12,249	-138	-4,196	7,915
Worldwide except France	41,390	-788	-9,800	30,802
France	76,612	-1,754	-8,721	66,137
TOTAL WORLDWIDE	118,002	-2,542	-18,521	96,939

TARGETED AND DIVERSIFIED RECRUITMENT

In 2015, the Group pursued targeted recruitment of experienced candidates to meet current or forthcoming technological and sales challenges, particularly relating to digitalization. This is the case with the recruitment of electronics and electricity experts who will contribute to developing the 2020 autonomous vehicle. The company also recruited 200 young graduates under permanent contracts to strengthen sales teams across France.

In 2015, the Group hired 1,490 employees. 74% of these hirings were for the Group's international business. The percentage of women recruited under permanent contracts was 18.3% in Europe.

Actions supporting the employment of young people were another key feature of 2015. The goal to recruit 2,000 work-study programme participants in 2015 – a "New Social Contract" commitment – was reached, doubling the number of offers as compared to 2014.

The recruitment policy is developed in sections 3.3.2 and 3.5.1.

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS G.2A

(At 31 December, including transfers from fixed-term to permanent contracts)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	387	601	476	1,464
	2014	453	480	243	1,176
	2013	450	847	1,082	2,379
<i>o/w PCA (France)</i>	2015	79	0	0	79
	2014	88	0	0	88
	2013	52	0	0	52
Other	2015	2	22	2	26
	2014	23	28	12	63
	2013	13	72	199	284
TOTAL	2015	389	623	478	1,490
	2014	476	508	255	1,239
	2013	463	919	1,281	2,663

BREAKDOWN OF EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY

(At 31 December)

	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
Automotive Division	159	155	73	298	282	21	270	173	33	727	610	127
Other	0	0	2	1	11	10	0	0	2	1	11	14
TOTAL	159	155	75	299	293	31	270	173	35	728	621	141

49% of permanent contract hirings were for operators and administrative employees, 42% were technicians and supervisors and 9% were managers.

The percentage of permanent contract hirings (permanent contract hirings/total permanent contract workforce) was 1.6% in 2015. The recruitment percentage is calculated by taking all permanent contract hirings for the year as a percentage of the total Group workforce on permanent contracts at 31 December.

EMPLOYEES HIRED UNDER FIXED-TERM CONTRACTS G.2A

(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	2,797	657	144	3,598
Other	20	44	0	64
TOTAL	2,817	701	144	3,662

In 2015, the percentage of women recruited under fixed-term contracts reached 31.5%.

LEAVERS

EVOLUTION IN THE LEAVERS RATE FOR PERMANENT CONTRACTS

(At 31 December)

	2013	2014*	2015
Leavers rate	12.2%	12.0%	11.1%

* The 2014 data includes Française de Mécanique.

The percentage of leavers is calculated as the ratio of all permanent contract departures during the year (resignations, redundancies, dismissals and other: retirement, death, transfers, etc.) to total Group workforce on permanent contracts at 31 December.

LEAVERS RATE UNDER PERMANENT CONTRACTS BY AGE RANGE, GENDER AND REGION

(At 31 December)

	< 30 years old		30-39 years old		40-49 years old		≥ 50 years old		Total		Total (M+F)
	F	M	F	M	F	M	F	M	F	M	
France	16.9%	19.2%	8.0%	7.2%	4.6%	4.1%	10.8%	12.6%	8.2%	8.6%	8.6%
Rest of Europe	19.1%	24.9%	11.8%	11.3%	13.4%	10.3%	29.0%	30.1%	15.7%	16.8%	16.5%
Rest of the world	18.8%	23.8%	19.0%	16.9%	21.3%	12.4%	19.0%	17.6%	19.4%	16.8%	17.2%
TOTAL	18.3%	22.0%	10.9%	9.7%	8.0%	6.0%	13.8%	15.5%	11.3%	11.1%	11.1%

LEAVERS UNDER PERMANENT CONTRACTS BY AGE RANGE AND GENDER

G.2B

(At 31 December)

	< 30 years old		30-39 years old		40-49 years old		≥ 50 years old		Total		Total (M+F)
	F	M	F	M	F	M	F	M	F	M	
Resignations	157	588	292	925	151	490	72	290	672	2,293	2,965
Dismissals	16	94	65	232	57	221	57	328	195	875	1,070
Redundancies	44	154	189	604	182	660	326	1,662	741	3,080	3,821
Other departures: expiration of fixed-term contract, retirement, death, etc.	14	78	27	156	52	198	206	1,658	299	2,090	2,389
TOTAL	231	914	573	1,917	442	1,569	661	3,938	1,907	8,338	10,245

LEAVERS UNDER PERMANENT CONTRACTS BY REGION

(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Resignations	451	1,337	1,177	2,965
Dismissals	398	599	73	1,070
Redundancies	2,603	1,188	30	3,821
Retirement, death or other	1,966	373	50	2,389
TOTAL	5,418	3,497	1,330	10,245
Leavers rate	8.6%	16.5%	17.2%	11.1%

RESIGNATIONS WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	441	1,288	1,176	2,905
	2014	611	1,106	3,054	4,771
	2013	687	1,281	1,595	3,563
Other	2015	10	49	1	60
	2014	23	77	101	201
	2013	37	79	26	142
TOTAL	2015	451	1,337	1,177	2,965
	2014	634	1,183	3,155	4,972
	2013	724	1,360	1,621	3,705

The number of resignations recorded in 2015 was 3.2% of the workforce under permanent contracts.

INDIVIDUAL DISMISSALS AT THE EMPLOYER'S INITIATIVE WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	396	594	73	1,063
	2014	636	590	76	1,302
	2013	721	458	126	1,305
Other	2015	2	5	0	7
	2014	10	26	1	37
	2013	13	24	2	39
TOTAL	2015	398	599	73	1,070
	2014	646	616	77	1,339
	2013	734	482	128	1,344

The data concerns all individual dismissals from permanent contracts, including departures associated with incapacity, disability or for personal reasons.

OTHER DEPARTURES WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division		1,964	361	50	2,375
Other		2	12	0	14
TOTAL		1,966	373	50	2,389

DISMISSALS OR REDUNDANCIES WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	2,597	1,188	30	3,815
	2014	3,237	251	91	3,579
	2013	3,450	277	1	3,728
Other	2015	6	0	0	6
	2014	12	2	8	22
	2013	93	3	0	96
TOTAL	2015	2,603	1,188	30	3,821
	2014	3,249	253	99	3,601
	2013	3,543	280	1	3,824

3.2.3. A socially controlled policy of hiring temporary employees and subcontractors

At PSA's initiative, a charter concerning working conditions for temporary employees mutually binds the company and temporary agencies to respect standards and best practices. The charter which governs working conditions for temporary employees in France, limits in particular the continuous presence of temporary staff in the company to 15 months, in order to give visibility to the duration of their mission. The charter guarantees temporary employees similar employment conditions to those of the Group's employees and free from any form of discrimination.

On 14 September 2015, an agreement was signed between PSA and Manpower leading to setting up a ground-breaking partnership for temporary permanent contracts to safeguard the career paths of

300 operators for PSA industrial sites in France. These permanent work contracts guarantee strong and permanent employability at PSA Peugeot Citroën as well as in the employment region through regional mobility platforms, while reinforcing the Group's economic performance through optimised industrial flexibility.

This partnership is fully consistent with the agreement of 10 July 2013 on safeguarding the career paths of temporary employees, consolidated by the French law of 17 August 2015 on social dialogue and employment, which lays down the legislative provisions necessary to the application of the temporary permanent contract.

TEMPORARY EMPLOYEES

(average annual numbers)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	3,900	1,009	40	4,949
	2014	2,916	807	45	3,768
	2013	3,112	748	132	3,992
Other	2015	0	34	-	35
	2014	52	34	-	86
	2013	59	31	-	90
TOTAL	2015	3,901	1,043	40	4,984
	2014	2,968	841	45	3,854
	2013	3,172	779	132	4,082

The average annual number of temporary employees is calculated by dividing by 12 the total of the temporary workforce at the end of each month.

NUMBER OF EMPLOYEES FROM CONTRACTORS WORKING ON SITE

(At 31 December, in full-time equivalent)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	3,325	673	480	4,478
	2014	3,440	455	508	4,403
	2013	3,356	595	480	4,431
Other	2015	0	41	0	41
	2014	26	51	0	77
	2013	53	50	0	103
TOTAL	2015	3,325	714	480	4,519
	2014	3,466	506	508	4,480
	2013	3,409	645	480	4,534

Staff from contractors made available to the Group under service provider contracts are recognised. The main activities resulting in these intellectual services are R&D engineering and IT. Service providers are consulted for skills that are specific or unavailable

in-house and allow for flexibility in the overall expenses essential to the performance and shortening of R&D processes. Since 2014, an increasing proportion of these activities have been conducted outside the Group's infrastructures.

3.2.4. Organisation of working hours G.4

In every host country, working hours are equal to or less than the legal work week or industry practices.

SHORT-TIME WORK TO PRESERVE EMPLOYMENT

The use of short-time work leads to preserving employment by offering an alternative to unemployment and redundancies. In recent years, it was an important vehicle for the Group to avoid job losses

during a period of recession in some automotive markets, whilst developing employees skills and protecting the future. This way of adjusting resources, which protects employment, has been used in various European countries, including France.

Short-time working hours in France represented the equivalent of 1,800 jobs saved in 2014 and 400 in 2015 (number of short-time working hours applied to an annual average of 1,607 hours).

SHORT-TIME WORKING

(At 31 December)

		Total
Automotive Division	2015	1,178,152
	2014	4,172,246
	2013	5,734,951
Other	2015	3,061
	2014	11,196
	2013	0
TOTAL	2015	1,181,213
	2014	4,183,442
	2013	5,734,951

OVERTIME

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	443,506	514,975	216,595	1,175,076
	2014	233,843	588,526	288,697	1,111,066
	2013	365,392	766,365	1,036,474	2,168,231
Other	2015	0	8,052	0	8,052
	2014	17,002	11,994	4,136	33,132
	2013	18,974	16,717	1,012	36,703
TOTAL	2015	443,506	523,027	216,595	1,183,128
	2014	250,845	600,520	292,833	1,144,198
	2013	384,366	783,082	1,037,486	2,204,934

PSA has implemented flexible working hours initiatives, also known as banks of hours, in most countries with industrial or logistics facilities. As such, working hours are determined on an annual or multi-year basis in these countries.

In 2015, overtime accounted for just about 1% of hours worked in the Group.

HOURS OF PAID SICK LEAVE **G.5**

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	2,537,776	1,261,847	228,209	4,027,832
	2014	2,909,390	1,298,668	540,303	4,748,361
	2013	4,044,384	1,299,807	783,307	6,127,498
Other	2015	2,618	41,387	119	44,124
	2014	54,573	75,027	2,609	132,209
	2013	54,687	83,096	1,367	139,150
TOTAL	2015	2,540,394	1,303,234	228,328	4,071,956
	2014	2,963,964	1,373,695	542,912	4,880,571
	2013	4,099,071	1,382,903	784,674	6,266,648

In 2015, out of 118.8 million hours worked, the rate of sick leave was 3.4%. In addition, 491,675 hours of maternity leave and 199,696 hours of absence due to accidents were recorded.

3.2.5. Supporting the Group's globalisation **G4-EC6**

Development of local talent is key to the Group which gives priority to local skills. 30,802 women and men worked outside France in 30 countries. 92% of the Group's managers who work internationally are local citizens. In support of internationalising management, specific effort is devoted to integrating and offering career development opportunities to local managers.

This local skill development policy has resulted in an expatriation reduction rate of almost 40% in two years, thus helping to develop local talent in strategic top management positions in the region.

At the close of 2015, 485 women and men worked as expatriates in 39 countries for an average of 36 months. More than 65% of these expatriations were outside of Europe. More than 7% of expatriated employees were women.

France has become the second most common destination for expatriates (61 people from 14 different countries) after China (200 people), which illustrates the globalisation of the management and the Group. As such, half of top management positions and three quarters of regional management positions are now filled by local talent. This local talent development policy boosts Group performance through an improved knowledge of local strengths, opportunities and shortcomings in both technical and economic terms. Therefore expatriates are principally tasked with identifying and developing their replacement from among local talent.

To support local skill improvement, the international mobility policy is built around three main objectives meeting the Group's performance needs:

- increasing the level of autonomy in the regions by making available skills/expertise not available locally;
- ensuring that certain strategic or key positions approved by the Executive Committee are successfully assumed by the expatriation of the best talent;
- implement international career paths for some high-potential managers to strengthen the Group's international managerial culture.

A system has been implemented to improve talent management on an international scale, make more robust choices in terms of talent seconded abroad and develop this talent: for each pre-identified candidate, the system assesses and approves the technical and behavioural strengths and weaknesses in terms of requirements and expatriation cost, building a decision on a return on investment approach.

Based on the manufacturing programmes and needs, the Group also has on average more than 1,000 employees on international missions lasting up to 18 months, in particular on manufacturing sites. It involves participating in various product launches by improving local skills with the support of expertise.

NATIONALITY OF SENIOR MANAGERS

(At 31 December)

Nationality	Total (in numbers)
French	585
Spanish	11
English	10
Belgian	9
German	7
Portuguese	6
Chinese	6
Italian	5
Argentina	4
Brazilian	4
Dutch	4
Polish	2
American	2
Swiss	1
Danish	1
Moroccan	1
Lebanese	1
Romanian	1
Croatian	1
Slovak	1
TOTAL	662

3.3. PSA, TALENT MANUFACTURER

Committed to offer the best development and employability opportunities to all its employees, PSA is dedicated to creating talent. Pooling energies and unlocking talent to bring success to PSA is a key ambition for the Group human resources project. By enabling all employees to reach their best potential and prepare for changes to jobs and technologies, the PSA human resources policy is building the Group's future.

This policy is based on seven principles and ten systems. These systems are standardised, with appropriate tools, and regularly evaluated within the HR community via a road map detailing the stages of maturity. These initiatives are: career plans, developing managerial skills, supporting employees, the annual appraisal system, the Talent Review (talent pool and replacement plan), qualifying career paths, the training offer, training certification, internal mobility and the Group's employment plan.

THE HUMAN RESOURCES DEVELOPMENT POLICY



The human resources development policy, renewed in June 2010 and rolled out worldwide, aims to:

- promote the career development of all employees and make managers responsible for developing their teams;
- improve competitiveness and support the Group's globalisation by attracting, developing and retaining the best talent;
- deliver professional training to employees, bringing them to the highest skill levels;
- support employees during change.

The human resources development policy

1. Each Group employee is an active participant in his or her career development
2. Each manager is responsible for the development of his or her team
3. Each employee has an annual performance review
4. Career paths are defined by job family, through each family's profession
5. Training is a core investment for the Company and for each employee
6. Job mobility allows interested employees to expand their career horizons and develop their skills
7. The Group manages jobs responsibly

3.3.1. Management by job family and profession

The job families and professions strategy developed by PSA is central to the Group's human resources development policy to manage talent and skills, today and tomorrow.

This global governance of skills is based on 21 job families and 110 professions, with a profession representing a set of shared skills contributing to the same professional purpose. This initiative is used to create skill development procedures, skill acquisition methods, qualifying career paths and their associated links between professions and job families, professional mobility and guidance on expertise. As a guarantee of excellence, all professional training courses are certified by PSA University according to a structured audit process.

The job family allows the Group to foresee strategic changes in the professions, identify future skills and anticipate transitions while minimising disruption and difficulties (see the Professions and Skills Observatory section 3.2.1).

As a result of job families and professions, currently:

- 90% of positions and strategic skills have at least one replacement "immediately ready" with 120 pools maintained;
- all employees are aware of the technical skills required for the position and the development actions enabling them to progress, and have access to 133 qualifying career paths,
- 22 master-experts, 175 experts and 614 specialists ensure the highest level of know-how in their field. In 2015, this expertise promotion initiative was rolled out to all Group departments.

By building on job families and professions, the Group demonstrates its ability to retain and grow its automotive expertise.

3.3.2. Attracting talent

A premium is placed on actions promoting proximity and discussion among young people and teaching staff, using a network of very active and motivated "campus partners" to publicise the Group professions and the training and employment opportunities. This involved participation in forums, organising visits to Group sites, participation in teaching at selected partner colleges and placements for lecturers.

PSA promotes diversity and gender equality in all its teams. In partnership with the "Elles bougent" association, and with the help of an in-house network of 50 female sponsors distributed throughout three regional delegations, the Group has implemented communications and support actions to help female high-school pupils and students in the scientific and technological fields to learn more about automotive professions. During the Paris Motor Show, for instance, a competition was launched to promote the best project under the theme, "Invent the car of 2050".

Initiatives supporting the employment of young people were another key feature of 2015. The goal to recruit 2,000 work-study programme participants in France in 2015 – a "New Social Contract" commitment – was reached, doubling the number of offers as compared with 2014. The Group's young employment policy also includes PhDs students (CIFRE) and international corporate volunteering (VIE) contracts. PSA is very appealing to young people with more than 90,000 visits to the PSA young employment institutional site and more than 7,000 resumes received during the apprenticeship campaign.

PARTNERSHIPS WITH ACADEMIC INSTITUTIONS

To attract a diverse range of talent, PSA University has joined forces with internationally recognized schools to offer placements or the opportunity to study for degrees and PhDs with the Group's sites and research laboratories. PSA University currently partners with 30 scientific and management schools and universities on three continents (Europe, Asia and the Americas). These partnerships are in

operation in Brazil (São Paulo and Rio Universities), China (Beijing and Shanghai Universities) and the United States (Georgia Tech in Atlanta).

These partnerships constitute the "cornerstone" of strategic relations with worldwide renowned schools. The "Extended University" concept is based on lasting relationships with schools and universities and the implementation of shared laboratories (the "Stellabs" programme see 2.0.2.2), teaching or research chairs and academic partners.

In France, this partnership with the academic world is formalised by a unique framework agreement. On 12 November 2015, Najat Vallaud-Belkacem, Minister of National Education, Higher Education and Research, and Xavier Chéreau, PSA Head of Human Resources, met at the Jean-Pierre Timbaud vocational school in Aubervilliers (greater Paris) to sign an updated framework agreement, underlining their goal to make an active contribution to the development of professional qualifications in the automotive sector.

Launched 15 years ago, this partnership sets priority on young employment and professional insertion within PSA. With expert support from the French vocational educational system, the Group helps to pass on its professional know-how with 50 academic institutions in France. In 2015, 650 young people were signed up for a two-year course on the way to their professional insertion in the industrial and economical environment of the Group and in the automotive sector more generally. In ten years, almost 3,500 young people have been recruited into the PSA network.

Strengthened by this experience, the Group has built relationships with the academic world far beyond France. In collaboration with local education partners and the French state education system, the Group is implementing training centres for the networks of the PEUGEOT and CITROËN brands in the countries where it has a strong presence. This particularly applies to China (with BVCES) and Brazil (with SENAI) to train teachers, trainers, employees and future Group employees, in the automotive industry professions and business.

3.3.3. Managing talent, PSA human resources policy priority



With a direct impact on corporate strategy, PSA talent management aims to:

- diversify profiles and experiences, identify talent more extensively throughout the organisation, conduct inter-sectoral mobility;
- provide the required skills and protect knowledge and know-how;
- assign young talent to key positions and major projects;
- promote and develop local skills and globalise corporate functions;
- review performance objectively and promote the new Group values.

3.3.3.1. THE TALENT REVIEW

The Group performs the Talent Review process globally every year as a proactive exercise to individually manage careers, identify and develop talent to support the corporate strategy. This bottom-up process of collectively comparing opinions on the basis of performance criteria, leadership and skills leads to build more robust development assumptions and a career forecast expressly linked to replacement plans.

It seeks to detect and develop talent earlier in the employee's career by setting up Talent Pools for employees with excellent performance and strong growth potential.

The creation in 2014 of an international Talent Pool identified more than 1,200 international profiles with international experience and fluency in English. Likewise, international career paths were built for 60 high-potential managers.

In 2015, the strategy was supplemented with Talent Search, identifying female talent, young talent and candidates outside France through targeted action plans.

Talent Management also involves enhanced individual and collective assessments and support schemes: 360° feedback, Assessment Centre, a development programme exclusively aimed at the high-potential managers ("Advanced Executive Programme") backed up by mentoring, coaching and collaboration initiatives -on top of the Management School offering.

3.3.3.2. ENHANCE TALENT

Since 2010, the Group has been rolling out targeted leadership development tools with its executive and senior managers as well as high potentials, with a 360° feedback, a mentoring and co-development programme and the implementation of a network of in-house coaches.

These development tools are fully rolled out in-house by "facilitators" who are specially trained in these tools.

In five years, more than 1,250 executives, senior managers and managers have taken advantage of the 360° development

programme. It is built around the Group's behavioural skills reference guide (strategic vision, focus on results, knowledge of the business environment and segment, change management, cooperation and influence, team leadership, skills development, ethical behaviour). The objective of this programme is to offer a tool which prepares and supports managers in their career through a 360° assessment and the drafting of a specific personal development plan. In addition, it strengthens the Company values of personal commitment, cross-functionality and value creation.

The mentoring initiative rolled out in 2014 has led to the set-up of 130 Mentee-Mentor pairs in all Group divisions. The mentor introduces the mentee, helps him understand the working environment and culture, identifies the unwritten rules, shares his experiences, tests and supports him.

These programmes are mainly geared towards emerging, international and female talent. In Shanghai in 2015, for instance, 182 people – around one in four – were able to benefit from a development action, of which 15 people had 360° development, 22 mentoring, 28 "manager leader" training, 27 "team manager" training and 24 "cross-culture" training.

3.3.3.3. DEVELOP SKILLS

Skill development cultivates PSA automotive expertise, i.e. technological leaderships and staff employability. It requires beforehand a good assessment of the skills needed, a measurement of the acquired levels and the design of development plans to ensure skills are best suited toward the company's technological challenges.

Leading to that, the Group has been conducting the Skills Development review since 2014. This allows more than 12,000 employees, representing 74 of the 110 Group professions, to carry out a yearly self-assessment on the technical skills required for the position held leading to the design of a more targeted development plan.

Via the "GlobalHR Skills" application, the employee gains access to the expected skills and levels information as well as to the relevant development offer for each skill. The self-assessment process allows employees to visualise on a radar chart any deviances from targets set by their profession and to select the best suited development actions. The assessment and the Personal Development Plan (PDP) are finalised during a meeting with their manager.

By displaying a consolidated radar chart in the work area, the manager takes advantage of that scheme by helping the team improve their skills. The results stimulate discussion toward optimising work organisation and outlining collective areas for development. They also promote "buddying up", i.e. development between peers.

The consolidated results combined with the prospective vision of the profession allow the latter to provide support in and specify areas for development by skill and business activity, and to develop more targeted training actions. The professions managers also gain the ability to lead pools of workers skilled in strategic areas.

3.3.4. The PSA university: developing into a learning organisation

G.11 G.12 G4-DMA G4-LA9 G4-LA10



THE TRAINING POLICY AND THE RESOURCES IMPLEMENTED

G.11A G.11B

PSA University's goal is to relay knowledge, know-how and behaviours all over the world. Therefore it represents a major driver of Group performance and human capital development.

Launched in 2010, PSA University is based on the job families and professions initiative (see section 3.3.1). An important certification process for the courses has been implemented. Committees work on forward-planning of skills and on supporting projects, evaluate training offers and scale the volume of training needs. This approach

guarantees that the training offer is exhaustive, relevant with regard to the needs and implemented globally.

The focus has been to increase the skills of local managers, to build and roll out the training for the Group's professions and keep all categories of employees in their jobs.

PSA University is in the process of cultural change, moving from a "training" approach to a "skill development approach", which includes other classroom and distance-learning schemes to education (tutoring, coaching, co-development, peer work, virtual classroom and more).

2015 Key figures

The average number of training hours per employee was 18.4 hours in 2015.

73,659 employees received at least one training course during the year. This represents a 76% access rate to training.

Total training expenses: €80 millions, i.e. an average cost of €825 per Group employee

NUMBER OF HOURS OF TRAINING BY REGION

G.12

(At 31 December)

	Total hours of training (in thousands of hours)	Average hours of training per employee*
France	1,093	18.8
Rest of Europe	412	19.9
Rest of the world	88	11.3
TOTAL	1,593	18.4

* Present employees (i.e. excluding relocation leaves and job retention leaves for senior employees).

AVERAGE HOURS OF TRAINING PER EMPLOYEE BY SOCIO-PROFESSIONAL CATEGORY AND GENDER

G.12

At 31 December, present employees*

	Women	Men	Total
Operators and Administrative Employees	18.4	18.8	18.7
Technicians and supervisors	16.1	18.6	18.0
Managers	20.2	17.7	18.2
AVERAGE	18.0	18.5	18.4

* Excluding relocation leaves and job retention leaves for senior employees.

NUMBER OF EMPLOYEES HAVING COMPLETED CERTIFIED TRAINING

Health and safety certifications:	7,700
Language certifications	2,168
Business line certifications	520

More than 1.5 million hours of training were provided within the Group, face-to-face or e-learning within hybrids or tutorials. It represents an investment of over €80 million.

PSA University is committed to making its training more innovative, more global and more accessible through e-learning. This technology has been quickly rolled out in the Group, in close partnership with the IT Department, to offer employees all over the world a shared body of knowledge, know-how and values which fit the Group's globalisation ambition. To speed up the transition to multiple approaches to education and to "learning company" status, PSA University has rolled out a new "Learn'in PSA" system, based on a major Learning Management System on the market. This system enhances the training offer with modern educational methods, including virtual classroom, MOOC (Massive Online Open Courses) and Rapid Learning.

"Digital learning" covers all training actions which do not take place in the classroom: self-service e-learning, e-learning submitted for validation and virtual classroom. Development in this area is an important objective combining the search for efficiency (quality/cost ratio) and a cultural transformation leading to developing the "learning company" feature of the Group and the autonomy of employees as active participants in the skill acquisition process. Digital learning was identified as a priority objective for 2016 set toward doubling the amount of digital learning representing the first stage in achieving one third of the training in the medium term. In 2015, over 38,000 fully or partially remote training actions took place, particularly on basic finance, business administration and management, awareness-raising programmes on intercultural exchange and training in office IT tools. There are now over 500 "profession" related e-learning references and more than 1,000 "leadership" and "office and digital tools" e-learning references in the University's training catalogue.

To achieve the Group's ambition to become a global player, PSA University offers an innovative range of online training modules for learning seven different languages on its new site, "Learn'in PSA". The aim of this training is to support employees in the Group's international dynamic, according to their different needs, either by acquiring a basic knowledge of the partner's language, applying for international projects, or evaluating and perfecting their language skills, in summary, to maintain and increase their employability. This self-service language training is designed for all employees at all levels.

The Management School for management excellence

The Management School offers a range of leadership development and change management training aimed at all Group managers.

PSA University has developed various e-learning and classroom-based modules to meet the wide variety of management skill requirements. The range of face-to-face training opportunities available in 2015 includes:

- the "Advanced Executive Programme" (AEP) involved 98 managers identified as "high-potential" in the Group;
- the "Manager Leader", programme, based on personal development, was directed at 190 "managers of managers", 57 of which outside of France;
- the "Preventing Risks, Managing in a period of change" program: managers understand the underlying impacts and risks in managerial attitude during significant periods of transformation within the company. The training identifies the high-risk managerial attitudes and reinforces positive attitudes. In 2015, this programme was provided to 1,850 managers;
- the "Team Manager" programme: this programme targets the first level of management and managers on their first assignment. The training allows managers to recognise the managerial attitudes leading their team to sustainable results-driven behaviour, strong commitment and confidence. In 2015, this programme was provided to 360 managers;
- the "Leading my basic production unit" programme: this four-week training course is aimed at new manufacturing unit managers (RUs) and floor managers and is intended to provide skills and basic mastery of the profession and of the tools necessary to manage a basic production unit (UEP). In 2015, 60 employees completed this programme;
- this scheme has been supplemented by "Manager 20.20", an innovative active learning programme, that brings together managers from every level and with diverse experience to create collective momentum. Aimed at developing collective intelligence and emulating a collaborative spirit in the workplace, around 600 managers in France and 100 managers outside France were involved in the Manager 20.20 programme;
- the "Team Power" programme: intended to support strategic Group projects and the speeding up of transformations, this scheme is specifically tailored to a situation or project. It allows all project contributors to master the transformation challenges in order to become direct players and facilitate initiatives and decision-making by applying meaning into the process. In 2015, this programme involved 550 managers and employees;
- in 2015, PSA University offered a new type of managerial experience: the "Event Days" to inspire the Group leaders by presenting them with new perspectives on leadership and giving them the opportunity to exchange ideas with their peers. In 2015, 600 managers took part in the scheme.

A university for retaining the Group's employees

Keeping employees in work is a major concern for the Group, reflected in specific training plans for each country and area that meets priority skill acquisition needs identified by the job families in accordance with their strategic vision and annual skill assessments. The skill acquisition process is backed by the operational professions academies and schools (R&D, Procurement, Manufacturing, Marketing, etc.). The "Top Compétences" programme set out in section 3.2.1 illustrates this commitment.



ECONOMIC INSIGHT

The priority is given to internal resources and their development. The “Top Compétences” programme meets the Group’s competitiveness and skill reallocation needs. This training programme offers retraining opportunities and enhances employability to the mutual benefit of the company and the employees. Indeed employees following this training programme do gain entry to the professions with a key role in the Group’s future.

In addition to its social implications, the “Top Compétences” programme satisfies a simple economic equation: the investment channelled into the programme makes it possible to avoid both external recruitment expenses and redundancy costs.

In 2015, €1,240 million was spent (excluding continued wage costs) to retrain 690 people. That cost is much lower than the average recruitment cost and the average redundancy cost. The cost/gains assessment is very positive.

PSA University places a premium on creating internal training courses that lead to certification officially recognised by public authorities or by the market. The linguistic training always leads to the Bright test, and the Group encourages a significant number of employees to opt into certified profession courses: professional certification in metalworking (440 in France in 2015), safe driving aptitude certificates (2,800 in France in 2015 and certification awarded to the Group to issue the certificates in-house), APICS certification for the supply chain, PMI certification for project management and various certifications for IT (Microsoft, IBM, etc.).

Special attention is provided to employees really struggling with basic skills (arithmetic, reading, writing, etc.). In France, the knowledge and employment skills base was defined by decree in 2015 and PSA University informed staff that they had the option to use their personal training account to acquire these fundamental skills. PSA University is regularly communicating information on the topic.

Measuring skills gains

The system for evaluating the investment in training is based on several complementary systems.

First of all, a system for validating training knowledge is combined with training actions, generally in the form of quizzes or tests, for example for language training.

An assessment system is then applied and systematically used. In all cases, recipients are asked to rate their training via a questionnaire at the end of the session. The results of these evaluations are sent to the content designers and the training logistics teams. For the most important training actions, a satisfaction questionnaire is completed by the training recipients and their line manager 45 days after the end of the training.

Considering that it is better to measure the rise in skills as a result of the training than to measure satisfaction at the end of the training, PSA University uses a system to certify its training. The job families committees and the professions specialists together grant the certification based on a system of skill assessment within the profession.

Training is therefore linked to the 110 Group professions. In coordination with all the professions specialists, PSA University helps formalise the frame of reference for technical skills and builds the associated training courses. Following an audit based on five criteria, certification assesses the maturity and consistency of the courses.

In 2015, almost all Group professions had achieved certification. A campaign to renew the certifications awarded in 2013 has started. The certification of professions training courses has now been adopted throughout the Group, thus guaranteeing the quality of on-the-job development schemes.

3.3.5. Managing performance and development G.II G4-LAII

The Annual Appraisal is a fundamental management strategy for assessing team performance and development. With its three parts – evaluation, objectives, perspectives and development – the annual appraisal is an important opportunity for evaluating the contributions of each employee, recognising and rewarding performance, and for individual development, culminating in a Personal Development Plan.

The performance system focuses on three main annual processes:

- as part of the Group performance and strategic objectives, each division describes and anticipates changes and challenges for the next three years;
- the objectives contracts then describe the objectives for the coming year for each Group department and entity, in a top down formation;
- finally, during the performance review, the collective Company objectives are transposed into individual objectives, called Annual Performance Objectives. During the performance review between the manager and the employee (manager, technician or supervisor), two to four individual Annual Performance Objectives are set in line with the objectives contract of the employee’s entity.

With the support of the HR process unified since 2012 for all Group managers, technicians and supervisors, the transposition of Company objectives, via objectives contracts, into Annual Performance Objectives, guarantees their correct alignment and collective performance.

In addition to setting objectives, the 2015 Annual Appraisal has three essential parts:

- an evaluation of the overall management of the function comprising the technical and behavioural management of the function, evaluation of the annual performance results for the past year;
- setting Annual Performance Objectives for the coming year and selecting at least two behavioural skills from among the seven in the Group's frame of reference (strategic vision, focus on results,

knowledge of the environment and the business segment, change management, cooperation and influence, team leadership and skills development), and identifying a progress action for each of these skills;

- the outlook for personal evolution and development, by expressing the employee's mobility interests, and drawing up development objectives that will be monitored and evaluated within a Personal Development Plan (PDP).

In 2015, 85% of Group employees worldwide had an Annual Appraisal, and most of them updated their resume and technical skills, self-assessed on the basis of a catalogue of 330 technical skills.

PERCENTAGE OF EMPLOYEES WHO HAVE HAD AN ANNUAL APPRAISAL

(For the year)

	Operators and administrative employees			Technicians and supervisors			Managers			Total all categories included		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
France	86.3%	89.0%	88.6%	67.4%	79.0%	76.6%	92.1%	99.2%	97.9%	82%	89%	88%
Rest of Europe	84.4%	84.3%	84.3%	79.2%	78.9%	79.0%	90.9%	98.2%	96.6%	83%	85%	85%
Rest of the world	46.9%	38.0%	38.6%	78.9%	76.0%	76.9%	97.0%	100%	99.5%	79%	64%	67%
TOTAL	84.5%	84.1%	84.2%	73.2%	78.7%	77.3%	92.4%	99.2%	97.8%	82%	86%	85%

3.3.6. A comprehensive compensation policy rewarding performance G.3

In all countries of operation, the Group compensation policy is in line with the different market practices. It also meets the company's own objectives:

- contribute to the Group's economic performance and, specifically in 2015, its economic recovery by aligning compensation, particularly fixed wages, with the challenges of cost control and personnel expenses;
- base compensation policy on performance. The idea is to motivate employees with individual and/or group targets and so encourage them to share the results achieved.

3.3.6.1. FAIR COMPENSATION BASED ON COMPETITIVENESS AND PERFORMANCE

G4-EC5 G4-LA13

One of the main features of the year 2015 was the continuation of wage moderation to boost the Group's recovery. Payroll increase budgets were maintained everywhere, which led to trade union negotiations and agreements in a number of countries. Group negotiations thus demonstrated the key involvement of employee and labour union representatives in the Group recovery: agreements with significant wage moderation and contributing to site competitiveness were signed in Porto Real in Brazil, Trnava in Slovakia, Vigo in Spain, Mangualde in Portugal and Kaluga in Russia.

The Group also maintained bonus schemes for managers worldwide, thus uniting the relevant managers around individual

and Group targets beneficial to company performance. In 2015, around 14,000 managers were eligible, i.e. more than 70% of Group managers. For around 2,500 managers, it involved special schemes for retail business lines or retail networks business support worldwide. Group Bonuses, the main bonus scheme implicating the other 11,500 managers, changed in 2015 to incorporate entity targets alongside PSA targets. Through that change, the aim of is to motivate the relevant managers around collective targets to which they contribute more directly.

Furthermore, in France, employee motivation and their participation in results are achieved via the Group profit-sharing system. The Group's profits in 2014 lead to significant amounts distributed in France in 2015, in accordance with the current "discretionary and non-discretionary profit-sharing" agreements and, for the additional discretionary profit-sharing payments, according to the New Social Contract agreement with the trade unions. In addition, profit-sharing agreements were renegotiated for a new three-year period between 2015-2017. This change was made to adopt a more secure and more understandable profit-sharing formula for employees, with a direct connection to the Back In the Race company recovery targets. The Group did not pay any profit-sharing outside of France in 2015 for the 2014 profit.

On 16 December 2015, the Group announced its intention to remove its defined benefit supplementary pension plan for the Managing Board and the Group Executive Committee and redistribute the resulting €34 million savings to all employees. This redistribution will supplement the Group compensation and profit-sharing schemes.

Accelerate: the first Group capital increase reserved for employees

Another important scheme in late 2014/early 2015 gave Group employees the opportunity to participate in the rebuilding of the Group and the resulted value created: the Accelerate capital increase was reserved for Group employees in 14 countries, and 15,000 of

them subscribed in January 2015. The countries with the highest number of subscribers were China, the Netherlands and France. This transaction gave employees two options (conventional or secure) and benefited from a large company contribution. Subscription levels (much higher than the stock option offer) demonstrated employee engagement and their trust in the company's ability to restore the highest performance levels.

ACCELERATE*

Amount of payments		Gross employer contributions		Number of subscribers
Classic Fund	Secure Fund	Classic Fund	Secure Fund	Total
€12.5 million	€16.2 million	€4.1 million	€4.9 million	15,273

* The scope of ACCELERATE was set on 29 January 2015, the date on which it was carried out, and accordingly includes Banque PSA Finance, SCEMM and PMTC.

WAGE COSTS

(At 31 December)

(in thousand euros)		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	3,509,712	1,118,862	399,732	5,028,307
	2014	3,720,040	1,049,665	451,910	5,221,614
	2013	3,923,718*	1,061,588	520,711	5,505,017
	<i>o/w PCA (France)</i>				
	2015	2,943,518	-	-	2,943,518
	2014	3,119,329	-	-	3,119,329
	2013	3,508,860	-	-	3,508,860
Other	2015	98,819	70,590	12,570	181,979
	2014	131,851	90,132	12,478	234,461
	2013	133,046	90,803	10,005	233,855
TOTAL	2015	3,608,531	1,189,452	412,303	5,210,286
	2014	3,851,891	1,139,797	464,388	5,456,076
	2013	4,056,764*	1,152,391	530,717	5,739,872

* Without Française de Mécanique or Sevelnord.

In 2015, total payroll costs for Group companies came to €3,970,448 thousand, while related payroll taxes amounted to €1,239,838 thousand. The median annual wage in France was €35,500 in 2015.

DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

(rounded to the nearest million euros)	2013	2014	2015
Total France – Discretionary and non-discretionary profit-sharing (Group agreement)	15	76	115
Discretionary and/or non-discretionary profit-sharing for other French subsidiaries	8	5	9
Profit-sharing for foreign subsidiaries	0	0	0
TOTAL	23	81	124

GROUP MINIMUM WAGE VERSUS LOCAL STATUTORY MINIMUM WAGE BY COUNTRY G.34

(For the year, base 100)

Country	Ratio	Local statutory minimum wage
Germany	117	Local legal minimum wage
Argentina	171	Local legal minimum wage
Austria	103	Standard minimum wage
Belgium	142	Guaranteed average minimum monthly income
Brazil	164	Local legal minimum wage
China	100	Regional minimum wage (Shanghai)
Spain	142	Local legal minimum wage
France	123	Local legal minimum wage Guaranteed
Italy	103	Local legal minimum wage
Poland	108	Local legal minimum wage
Portugal	108	Local legal minimum wage
United Kingdom	100	Local legal minimum wage > 21 years
Russia	436	Regional legal minimum wage
Slovakia	167	Local legal minimum wage
Switzerland	NA	No legal minimum wage; no industry agreements

NA: not applicable.

Information is reported for countries representative of the Group's structure, 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.

Comparison of average wages for men and women for operators and technicians and supervisors in France

(PCA France, for the year, base 100)

The ratios of average salaries between men and women are presented based on the classification grid from the metalworking industry collective bargaining agreement.

Operators and administrative employees	Male/female wage ratio	Technicians and supervisors	Male/female wage ratio
170	99.7	255	104.0
175	100.1	270	102.5
180	99.5	285	102.0
185	99.4	305	100.1
190	100.9	320	100.2
195	101.2	335	98.7
200	100.4	365	98.6
215	99.5	395	97.6
225	102.1		
240	101.2		
255	102.8		
270	103.0		
285	NS		
305	NS		

NS: not significant.

Pay equality between men and women is guaranteed, as these ratios once again demonstrate: in 2015, the wage gaps observed between women and men in equivalent positions are usually lower than 1%, both positively and negatively. This is the result of a compensation

policy ensuring that the proportion of wages allocated to women is always equal to or greater than the proportion for men through a series of indicators sending warnings to managers and supervised by the HR Department.

COMPARISON OF AVERAGE WAGES OF MEN TO WOMEN AMONG MANAGERS

(For the year, base 100)

France (PCA)

Managers	Ratio of men/women
Executive officers	133.8
Senior managers	109.7
Senior management	104.8
Experienced managers	101.5
Junior managers	101.2

The persistent gap at the higher levels of responsibility is linked to the proportionally more recent promotions of women to these positions. On the other hand, the gap observed in the "junior manager" and

"experienced manager" categories representing the majority of managers is much reduced.

Argentina, Brazil, Spain, Portugal, Slovakia, Russia

	Ratio of average wages for men/women					
	Argentina	Brazil	Spain	Portugal	Slovakia	Russia
Executive managers	NS	NS	NS	NS	NS	NS
Senior managers	NS	NS	NS	NS	NS	NS
Senior management	108.7	103.3	110.6	138.4	122.8	98.5
Experienced managers	106.0	109.5	105.7	127.2	85.7	94.3
Junior managers	102.5	105.1	106.2	118.0	108.4	119.9

NS: not significant.

The ratios of average salaries between men and women in managerial positions concern the Group's representative manufacturing countries.

In France, the information is from the metalworking industry collective bargaining agreement, supplemented by company agreements. They are presented for other countries based on the Group's current manager classification.

3.3.6.2. EMPLOYEE BENEFITS: OVERALL COMPENSATION AND SOCIAL RESPONSIBILITY

G4-EC3

G4-LA2

Employee benefits in the various host countries supplement the Group's compensation policy in an "overall compensation" approach designed to meet the challenges of offering competitive and motivating compensation while controlling costs and meeting the Group's social responsibility commitments. Thus, the Group is committed to insuring against major risks, offering life coverage for all employees worldwide. In 2015 in Germany, life coverage was supplemented to incorporate accidental disability coverage for all employees.

Health and welfare insurance

The Group initiated a partnership with an international insurance broker several years ago. The company is thus able to run these health and welfare schemes worldwide throughout the year and optimise the cost/services ratio for the benefit of the company and the employees who make partial contributions. Calls for tender were conducted in 2015 for these schemes, thus reducing the rising price of health and welfare contracts around the world, and limiting employee contribution levels; the calls for tender were related to Russia, Ukraine, Argentina, Brazil, Chile, Mexico, China, Slovakia and Spain.

Employee savings plans

Employee savings plan solutions are offered in five countries: France, Spain, Portugal, Germany and the United Kingdom. In these five countries, these schemes allow employees to invest throughout the year in Group shares. In France, the Corporate Savings Plan is two-tier:

- the Savings Plan with Investment in Group Shares;
- the Diversified Savings Plan which makes it possible to invest in different means (monetary, bonds, shares) with a varied yield/risk ratio based on the means. It offers an alternative to the Savings Plan with Investment in Group Shares.

FRANCE EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)

	Employee contributions from 01/01 to 12/31 (in millions of euros)		Gross employer contributions from 01/01 to 12/31 (in millions of euros)		Number of employees investing ⁽²⁾ from 01/01 to 12/31	
	2014	2015	2014	2015	2014	2015
Automotive	3.88 ⁽¹⁾	6.40	1.57 ⁽¹⁾	0	3,961 ⁽¹⁾	7,021
Other	0.12	0.12	0.04	0	75	80
TOTAL	4.00	6.52	1.61	0	4,036	7,101

(1) Without Francaise de Mécanique which joined the savings plans in 2015.

(2) Reinvestment of discretionary and non-discretionary profit-sharing and voluntary contributions.

INTERNATIONAL EMPLOYEE SAVINGS PLANS

(At 31 December)

	Amount of payments (in millions of euros)			Employer contributions (in millions of euros)			Number of participants		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
United Kingdom	0.76	0.71	0.64	0.39	0.13	0	7,144	6,522	5,315
Spain	0.10	0.04	0.01	0.05	0.02	0	717	372	76
Germany	0.13	0.05	0.00	0.07	0.03	0	326	127	0
Portugal	0.00	0.00	0.00	0.00	0.00	0	71	29	0
TOTAL	0.99	0.80	0.65	0.51	0.18	0	8,258	7,050	5,391

Pensions

The Group has set up defined-contribution pension schemes in all countries where necessary according to market practices and available resources. Such plans are in place in Germany, Belgium, Spain, France, Japan, the Netherlands, the Czech Republic, Slovakia

and the United Kingdom. Managed by local joint labour management committees, these schemes are designed to provide beneficiaries with additional retirement income on top of regulatory provisions. In addition, specific pension schemes exist in Brazil and Argentina alongside statutory requirements.

SUPPLEMENTARY PENSION PLANS BY DIVISION

		Employer contributions from 01/01 to 12/31 (in thousands of euros)		Employee contributions from 01/01 to 12/31 (in thousands of euros)		Number of employees concerned
		2015	2014	2015	2014	
Automotive Division	2015	35,859		14,765		41,538
	2014	43,063		17,220		49,006
	2013	35,515		15,455		45,494
Other	2015	2,521		610		911
	2014	4,209		1,392		2,424
	2013	3,175		906		1,363
TOTAL	2015	38,380		15,375		42,449
	2014	47,272		18,612		51,430
	2013	38,690		16,361		46,857

SUPPLEMENTARY PENSION PLANS BY REGION

	Employer gross contributions from 01/01 to 12/31 (in thousands of euros)			Employee contributions from 01/01 to 12/31 (in thousands of euros)			Number of employees concerned		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
France	17,947	19,822	17,108	9,125	9,867	8,545	29,043	32,598	25,778
Rest of Europe	18,473	23,578	19,739	5,782	7,281	5,917	15,540	16,848	15,153
Rest of the world	2,271	3,871	1,533	1,454	1,465	914	2,274	1,984	1,518
TOTAL	38,690	47,272	38,380	16,361	18,612	15,375	46,857	51,430	42,449

At the end of 2015, the commitments recorded in the Group's accounts under defined-benefits pension schemes were €3,884 billion and were covered by outside funds of €3,706 billion.

These evaluations are conducted annually, in accordance with the IAS 19 standard, by an international actuary firm, based on theories audited by the Group's Statutory Auditors.

Social services

All Group companies and facilities contribute to social and cultural activities, as well as improving working conditions based on national and local opportunities. More than €134 million were paid by the Group (Automotive and Finance Divisions) in 2015 under social benefits. Representing 2.5% of the total payroll, this amount includes employee payments for lodging, transportation, meals, medical and social services, company concierge services, daycare centres, healthcare and personal protection insurance and subsidies paid to Works Councils for employee welfare programmes.

3.4. WELL-BEING, OCCUPATIONAL HEALTH AND SAFETY

With a lost-time incident frequency rate of 1.18, the PSA health and safety results were up to the best in the manufacturing sector. The Group was among the top three global automotive manufacturers in terms of safety performance.

The 2015 results were the Group's best ever. For the first time, there were fewer than 200 lost-time incidents for the year. This is the result of rigorous application of the Occupational health and safety management system run by the Group for several years.

The Group aims to further improve the employee health and safety and to make well-being in the workplace a new priority. PSA has announced very clear medium-term targets in three areas: safety, with the aim of a lost-time incident frequency rate of 1%; health, with the aim of an occupational illness rate of 2%; and well-being, with the aim of a work-related stress rate of 7%.

3.4.1. Workplace health and safety management system G.8 G4-DMA

TRANSFORMING THE GROUP'S CULTURE OF SAFETY

The Occupational Health and Safety policy was defined by and presented to the highest level of the Company. The Group's Executive Committee, in its new structure, signed it in May 2014. It applies to all Group subsidiaries and facilities and involves radical changes in manager and employee behaviour.

Each employee, as well as anyone working on the Group's sites, must work in complete safety, taking no health risks. This is a condition that is essential to the Group's responsible development based on respect and consideration for individuals. The Company's continuous progress can only take place by guaranteeing the health and safety of employees.

The second PSA world health and safety convention, held in 2015, saw the adoption of the "safety for me, safety for all" motto, acknowledging the additional step taken in applying the Group Safety Management System and the progress made in reaching beyond supervisory staff by getting all employees involved.

A PROCESS THAT PRODUCES RESULTS

The Group's health and safety policy is supported by the Workplace health and safety management system (SMST). This scheme is based on six founding principles and 22 requirements which set the watch and control points: it is the health and safety reference guide applicable to all Group entities and subsidiaries via a roadmap detailing the stages of maturity.

The health and safety management system – the six principles

1. Executive management involvement
2. Structured leadership
3. Clearly established and applied standards
4. Defined roles
5. Effective alert systems
6. Effective monitoring and improvement resources

The Group is in compliance with the occupational health and safety recommendations of the International Labour Organization and fulfils its resulting obligations in all countries. The health and safety management system, integrating all OHSAS 18001 fields, also incorporates specific provisions in terms of policy, commitment and the role of the health and safety committee, applicable to all sites at all levels. The health and safety management system also incorporates a description of personal protective equipment, the modus operandi for handling external visitors and contractors, and specifies prevention on various risks (psychosocial risks, chemical risks, musculoskeletal disorders, commuting risks, etc.). This management system is an operational guide to excellence in safety.

The management principles of this system are applied to the whole of the Group in Europe, Latin America and China. This management system is adapted to all Group business activities and country specific legislations. It has been adopted as a model by CHANGAN PSA (CAPSA), and rolled out in Shenzhen.

It ensures the ongoing assessment, monitoring and control of risks. The Group's actions in terms of prevention are based on three behaviours: exemplary behaviour, vigilance and responsiveness.

The Workplace Health and Safety policy is also formalised in PSA's CSR global framework agreement in which the Group is committed to implementing the best occupational health and safety standards and practices, and has made health and safety a top priority.

Just like the economic results or the level of quality, respecting the safety objectives is part of the evaluation criteria for variable compensation of managers occupying positions of responsibility.

The Workplace health and safety management system is now operational at all Group facilities. An extensive programme is underway to help managers apply the scheme on a daily basis using a Workplace health and safety management system "roadmap". It includes five essential steps leading to a mature process and lasting change: raise awareness, change mind-sets, change behaviours, change habits and corporate culture. The roadmap is based on best practice and makes it possible to assess the results.

PSA'S PERFORMANCE IN SAFETY AND WORKPLACE ACCIDENT PREVENTION



As a result of the Group's Occupational Health and Safety Policy and its Workplace health and safety management system (SMST), the significant progress made over several years held steady in 2015, with

a lost-time incident frequency rate (including temporary employees) of 1.18, as compared to 1.38 in 2014 and 1.19 in 2013. PSA is up to the best performance in the manufacturing sector.

With emphasis on training from the first day on the job and with special attention paid to all categories of staff, the lost-time incident frequency rate for temporary workers is now as low as for Group employees.



ECONOMIC INSIGHT

The Group's excellent occupational safety performance is the result of an approach to ensure daily operational involvement of all employees, based on a performance requirement: the Workplace health and safety management system.

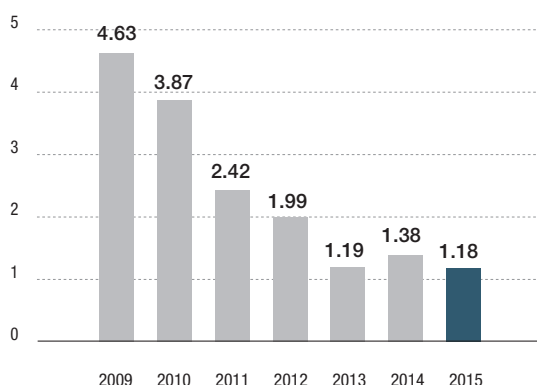
Human investment (ergonomists, occupational physicians, OHS consultants, etc.) and economic investment (in 2015: €7 million worth of investments in equipment and workstation refitting, excluding new vehicle projects) in safety, leading to tangible results with an occupational incident frequency rate 19 times lower than the average for the metalworking sector in France.

The only acceptable target: 0 accidents, 0 high-risk situations

The Group believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety.

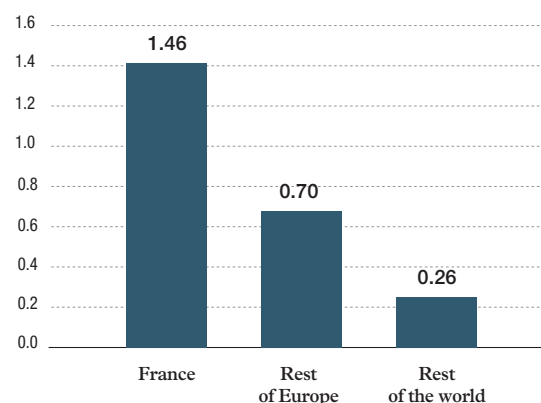
The lost-time incident frequency rate of 1% over the whole year, set as a medium-term goal by the Group, has already been achieved in 33 facilities in Latin America, Spain, France, Portugal, Russia and Slovakia.

Total lost-time incident frequency rate*



Frequency rate for lost-time incidents by region

(For the year)



* Lost-time incident frequency rate includes Group employees and temporary employees. It corresponds to the number of lost-time incidents times million divided by the number of hours worked.

The frequency rate for reported accidents is 5.07 in 2015, compared to 4.92 in 2014 and 5.73 in 2013. The frequency rate for first aid is 17 in 2015, compared to 16 in 2014 and 21 in 2013.

SEVERITY RATES BY REGION

(For the year)

	France	Rest of Europe	Rest of the world
Automotive Division	0.23	0.07	0.01
Other	0	0	0
TOTAL	0.22	0.06	0.01

The severity rate corresponds to the number of consecutive days lost to accidents multiplied by one thousand divided by the number of hours worked.

The severity rate is 0.16 in 2015, compared to 0.15 in 2014 and 0.14 in 2013.

COMMUTING ACCIDENTS

(For the year)

	2014	2015
Frequency ratio	2.7	2.8

The lost-time incident frequency rate (TF1,000) corresponds to the number of lost-time occupational accidents times one thousand divided by the number of employees.

NUMBER OF FATAL ACCIDENTS

(For the year)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	4	1	1	4
Other	0	0	0	0
TOTAL	4	1	1	6

Six work-related deaths occurred in 2015: three following health related incident in the workplace and three following traffic accidents.

HEALTH AND SAFETY FOR ALL

Safety concerns all persons who work on Group sites, including employees of service provider companies.

Without superseding their legal liability, the Group ensures that these companies respect the safety rules and asks them to apply the Occupational health and safety management system requirements.

A monitoring and business support initiative has been set up with the temporary agencies. It emphasises the interactions between temporary agencies and the Group in the prevention and management of temporary employees' health and safety. Accordingly, representatives from temporary agencies visit Group

sites, participate in the safety training observation program (STOP®) and in assessments of workplace accidents.

In 2015, the results continue to improve with a total lost-time incident frequency rate for temporary employees of 1.54, compared to 1.62 in 2014 and 1.97 in 2013.

Special attention is provided to the safety management of contractors, in particular during projects or summer maintenance. A dedicated Group organisation is set up during annual leave with all participants trained and empowered in terms of health and safety. In 2015, more than 7,000 health and safety audits were conducted during the summer works.

OCCUPATIONAL ACCIDENTS CONCERNING EMPLOYEES OF OUTSIDE COMPANIES OR TEMPORARY EMPLOYMENT AGENCIES

Safety conditions for employees of outside companies are identical to those for Group employees. Workplace accidents are tracked for contractors, as well as for temporary staff.

(At 31 December)

	France		Rest of Europe		Rest of the world		Total	
	Outside service providers	Temporary employees	Outside service providers	Temporary employees	Outside service providers	Temporary employees	Outside service providers	Temporary employees
TOTAL	359	598	28	50	13	0	400	648

PSA'S PERFORMANCE IN HEALTH AND OCCUPATIONAL ILLNESSES

G.10 G4-LA6 G4-LA7

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

Its policy aims to keep all employees healthy, by engaging in social dialogue and structured coordination of the occupational physicians. It is based on an individual and collective approach with five priority goals:

- reactive health monitoring;

- training to prevent any deterioration in health;
- correcting pathogenic work situations and developing actions to promote the well-being of employees in the workplace;
- preventing conditions from occurring outside work when action is possible in the work surroundings;
- support employees, as much as possible, with health problems.

The actions, developed for all Group employees, are based on internal and multidisciplinary skills and are adapted to the environment, the regulations and the regional health priorities of the different entities.

OCCUPATIONAL ILLNESSES G.10

The priority focus is on job-related diseases. They are covered by preventive steps on all Group facilities.

(For the year - Number of reported illnesses)

	France	Rest of Europe	Rest of the world	Total
Musculoskeletal disorders of the upper limbs	298	9	6	313
Carrying heavy loads	12	0	0	12
Occupational illnesses after exposure to asbestos	32	0	0	32
Noise-related hearing loss	9	0	2	11
Other	17	48	2	67
TOTAL	368	57	10	435

In 2015, 435 occupational illnesses within the Group were reported with 72% of illnesses associated with musculoskeletal disorders (MSD) of the upper limbs, a little more than 3% associated with carrying heavy loads, 7% following exposure to asbestos, 3% associated with deafness, and finally, a little more than 15% from other causes.

At the Group's initiative, the frequency rate of occupational illnesses is regularly being monitored (FR = number of recognised occupational illnesses divided by the number of hours worked multiplied by 1,000,000).

In 2015, the rate was 3.46, compared to 3.89 in 2014.

3.4.2. The Group's priority commitments on health and safety

Aware of its responsibility to preserve people's health and safety, the Group is strengthening its global approach through five priority commitments. They result from core risks to which the Group is exposed.

The five commitments are:

- preventing musculoskeletal disorders;
- chemical risks;
- psychosocial risks;
- preventing road risks;
- workstation safety: "STOP®" audits.

PREVENTING MUSCULOSKELETAL DISORDERS

Musculoskeletal disorders (MSDs) are a leading cause of work-related injuries. Therefore, preventing MSDs is a key occupational health and safety policy priority. As MSDs have very different causes which interact with each other, simultaneous monitoring of factors both physical (posture, effort, angulation of upper limb joints) and non-physical (e.g. organisation of activity – in terms of duration and frequency of work, mental strain – information processing, relations with colleagues or line managers, operators feelings – recognition and motivation) is necessary. To address the complex interplay among all these factors, the Group has developed a structured programme to analyse why MSDs occur and find solutions for preventing them.

In 2011, the Group 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 risk of causing MSDs. Every year

since 2012, action plans have been designed and implemented in all Group plants. The initiatives are conducted by multi-disciplinary teams made up of occupational physicians, safety engineers and technicians, ergonomists and managers. In addition, an initiative to deal with discomfort in non-repetitive workstations has been rolled out since 2012.

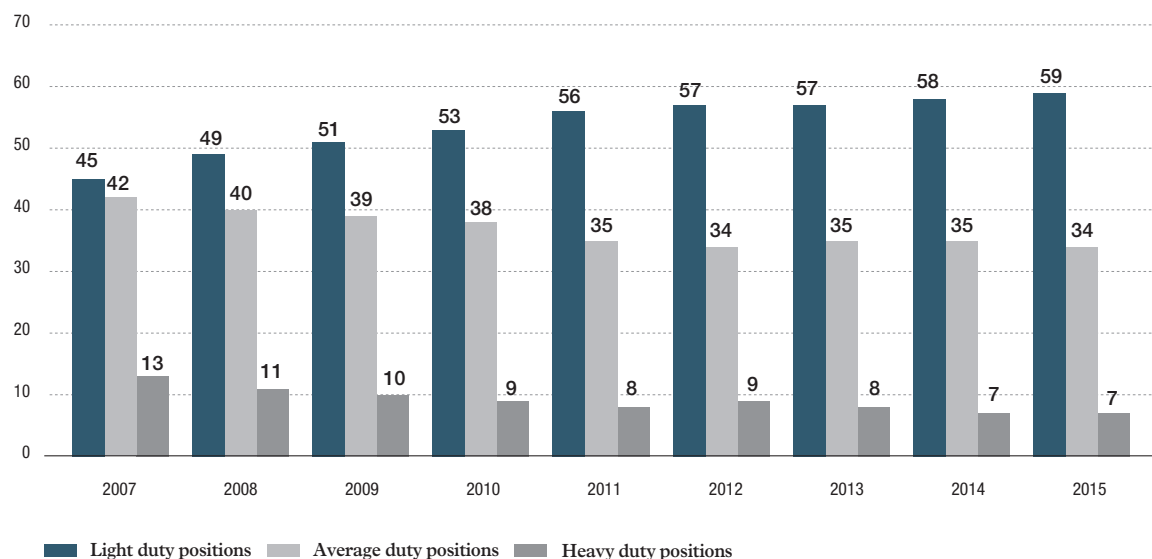
To allow closer monitoring of how MSDs appear, the Group decided, through the "New Social Contract", to monitor the exposure of operators to vibratory risk (local or full body) which is an aggravating factor for MSD risk and posture stress to more closely monitor back stress and improve the "Work Alerts" (ALT) process so that low warning signs for MSD can be better detected.

In addition to this initiative, the Group is continuing to improve its workstations: all manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". This is taken into account from the design stage for products and processes and is based on a rigorous methodology for rating workstations. From 2005 to the end of 2015, the proportion of "heavy" workstations fell from 18% to 7%, while "light" workstations rose from 37% to 59%. It is the Group's ambition to make further progress in this area and reach a level of 60% "light" workstations in 2016.

Risk control primarily results in designing new workstations and transforming existing fittings in Group plants. These two modes of action on the manufacturing tool are based on the principles of "lean manufacturing" supplemented by industrial ergonomics methods and tools to consider the characteristics of operators and to design and build high-performance systems and workstations that preserve their health. For each action to design or transform fittings, objectives to improve working conditions have been set in order to ensure primary prevention of occupational health and safety risks while maintaining the Group's industrial performance.

CHANGES IN THE PROPORTION OF "LIGHT", "MEDIUM" AND "HEAVY" WORKSTATIONS

(Manufacturing activity of the Automotive Division, in % based on the METEO* rating)



* Workplace and Organisational Evaluation Method

CHEMICAL RISKS

Chemical risks are a major focus of the preventive measures the Group has taken to manage health and safety. They are not only risks related to the use of products and substances but also those related to the pollutants generated by certain processes.

The Group uses more than 8,000 chemical products and substances at its R&D and manufacturing sites and more than 1,500 in its dealerships. Some are classified as hazardous and may be used only under very specific conditions to avoid any risk. Instruction notices for all hazardous chemicals are posted at the relevant workstations. They are approved in accordance with the Group's protocol, whether for the manufacturing, research and development or dealerships.

With respect to air quality monitoring, the Group's objective is for all companies to have an air quality monitoring plan for their manufacturing, R&D and dealerships.

Moreover, the most hazardous products are rigorously monitored from a medical standpoint.

PSYCHOSOCIAL RISKS

Preventing psychosocial risks (PSR) and, more generally, promoting well-being in the workplace are not only critical to keeping employees healthy and safe at work but also have a direct impact on the Company's performance.

Some international studies have shown that people suffering from long-term high stress levels are on average 30% less efficient. The last survey conducted within the Group in 2015 (French sites and the Iberian peninsula) revealed that 8.4% of employees are experiencing high stress. It is a considerable performance challenge, above and beyond the health and safety considerations.

Starting in 2007, the Group decided to recognise psychosocial risks as job-related risks.

A company-wide agreement was signed in October 2009 and reissued in 2014 to implement a psychosocial risk prevention plan in all countries and all divisions.

In 2013, a specific roadmap to prevent that risk was rolled out to help facilities and management apply the Workplace Health and Safety Management System (SMST), to raise awareness and change behaviour. A monitoring and leadership initiative as well as a network of correspondents, around 50 people, (site HR, occupational physicians, social workers, safety engineers) representing each site and division were implemented to support them in the prevention initiative.

The roadmap consists of 13 requirements distributed across 4 major topics covering all the Group scheme principles:

- setting up and running the risk monitoring network: it covers in particular the implementation of medical and social monitoring representatives and watchdogs. Psychosocial watchdogs are in place and active, medical and social services play an important

role every day, dealing with distress situations warnings as well as assisting persons who need help. It is a major challenge for the Group to remain as strongly mobilized toward preventive actions as toward dealing with employees in distress;

- training the various points of contact: employee representatives, watchdog members and managers have been trained while specific training for employees is being rolled out. The objective of these training programmes is to develop inter-vigilance so that in the future all Group employees act in a preventive manner. In addition, all union members and supervisors have been trained in building action plans; a scheme is in place to train the new arrivals. In 2014, the Group implemented a specific training module for managers in order to help them supporting change. In 2015, more than 2,000 managers followed this in-house module;

- stress factors (using the assessment data): in order to be able to objectify the psychosocial risk prevention initiative, each participant must be aware of "social irritants" and how to use them. Stress levels and stress factors are evaluated in France through a Workplace Stress Measuring and Monitoring Programme. This initiative, managed by the occupational health services, makes it possible to detect potential individual problems but also to get a collective measurement of workplace stress (monthly, quarterly, annually). In 2015, 12,913 employees in France, Spain and Portugal filled out confidential questionnaires. This evaluation provides managers with collective analysis data to help design action plans (Annual Report);

- setting up operational action plans: conducting action plans is a core lever to identify proper behaviour against risk factors development. This is done in general within the management committees, Health and Safety Committees or occasionally during specific meetings with Human Resources teams and/or occupational physicians. This has enabled working groups (employees, staff representatives, members of the Human Resources Department, etc.) to be set up not only for Divisions but also for sub-entities (departments, supervisory units, etc.).

From input data combined with the entity's challenges, the working group discusses one or more themes associated with preventing psychosocial risks (PSR). During these discussions, courses of actions are created to help build action plans, which are then followed up by the manager during weekly meetings. This organisation promotes collective strength.

Psychosocial risks are monitored like other Group risks, and are fully incorporated in the Workplace health and safety management system.

Actions have already been implemented since this initiative was launched, in particular in fairness, painful physical conditions or even efforts/results acknowledgment. For each risk factor identified within the Group, responses are available.

PREVENTING ROAD RISKS

As a carmaker, the Group naturally puts a high priority on road safety. In collaboration with employee representatives, the Group renewed in 2010 a work-related road risk prevention charter setting out the principles to be respected. The charter, communicated to all employees, specifies the rules for using vehicles for professional purposes or when commuting to and from work.

To increase compliance with safety guidelines during vehicle design test drives, the Group has created an intranet site where all relevant guidelines and processes can be found in one place. Driving requirements have been tightened and the employees in question have undergone theoretical and practical training to make sure they understand and can implement the appropriate road safety principles.

Many sites maintained their efforts in road safety prevention, providing private bus services for employees to reduce the exposure to road risks.

During the annual road safety prevention week, sites join forces with outside partners (police force, associations, etc.) to lead awareness actions, in particular for annual leave departure periods.

WORKSTATION SAFETY: “STOP®” AUDITS

The Safety Training Observation Program (STOP®) has been in place at the Group's Industrial sites since 2009. The programme trains managers, giving them the ability to detect dangerous situations or behaviours. During the programme, managers are made aware of how to speak to the employee to have a positive discussion about prevention. This programme aims at achieving progress for both the manager and the employee. The employee ultimately commits to continue applying the preventive actions he or she can manage and to make progress in his/her weaker areas.

Each month, working in pairs, managers carry out two rounds to manage the STOP® scheme and solve risky situations in workshops.

The system for observing hazardous situations and behaviours is also used for other issues like pedestrians walking through workshops.

3.4.3. Agreements and Joint Health and Safety Committees

G.9 G4-LA5 G4-LA8

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. 97% of Group employees are represented by Joint Management-Worker Health and Safety Committees.

JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES – PERCENTAGE OF EMPLOYEES REPRESENTED

The following table specifies the Health and Safety Committees comprising both Management and employee representatives in the main countries.

Country	Organisation	Membership
South Africa	Health and Safety Committee	Employee representatives, Employer representatives
Algeria	Hygiene and Safety Committee	Employer representatives, Employee representatives, Managing Director
Germany	Health and Safety Committee	Employer representatives, Employee representatives, Occupational physician, Safety manager, External consultant, Executive Committee
	Psychosocial Risk watch unit	Branch Director, Member of the Works Council, Health manager, Occupational Physician
Argentina	Safety, Ergonomics and Fire Prevention Committee	Employee Representatives, Employer Representatives, Safety Manager
Austria	Safety Committee	Executive Committee, Human Resources, Safety Coordinator, External Safety Partners, Works Council
	Occupational Safety Central Committee	Employee Representatives, Employer Representatives, Occupational physician, Safety manager, Managing Director
Belgium	Occupational Prevention and Protection Committee	Employer representative, Employee representatives, Prevention consultant
Brazil	Internal Accident Prevention Committee	Employee representatives, Employer representatives
Chile	Joint Health and Safety Committee	Employee representatives, Employer representatives
Denmark	Health and Safety Committee	Employee representatives, Employer representatives
Spain	Health and Safety Committee	Employee Representatives, Employer Representatives, Prevention Representatives

Country	Organisation	Membership
France	Industrial Hygiene, Safety and Working Conditions Committees	Employee representatives, Employer representatives, Occupational physicians, Safety manager
	Local integration group	Job allocation managers, Occupational physicians, Health and Safety Department, Career Counsellors, Employer representatives
	Plant Health and Safety Committee	Plant Management, Human Resources Management, Safety Engineer, Occupational Physician, Social Worker, OHS consultants
	Psychosocial Risk watch unit	Head of Human Resources, Occupational Physician, Social Worker, and a Personnel Representative
Italy	Health and Safety Committee	Employee Representatives, Medical Officer, Prevention and Protection Services Manager
Japan	Health and Hygiene Committee	Employee representatives, Employer representatives, Occupational physicians
The Netherlands	Health and Safety Committee	Employer representatives, Employee representatives
Portugal	Health and Safety Committee	Employee representatives, Employer representatives, Health and safety manager, Occupational physicians
United Kingdom	Health and Safety Committee for Pinley House and Tile Hill	Executive Managers, Head of Human Resources, Head of Health and Safety, Health & Safety Consultants, Head of the Technical Centre, Employee Representatives
Russia	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety officer
Slovakia	Working Conditions Committee	Employee representatives, Employer representatives, Production centre Director
	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety officer, Head of the Production centre
Sweden	Health and Safety Committee	Employee representatives, Employer representatives, External consultant

HEALTH AND SAFETY AGREEMENTS

PSA is committed to implementing the best occupational health and safety standards and practices and has made health and safety a top priority. This commitment is expressed in the occupational health and safety policy, as well as in several national company agreements.

Each year, health and safety agreements are signed in the countries where the Group operates. In 2015, 19 health and safety agreements were signed.

3.4.4. Training and prevention programmes

Under the health plan, prevention, assistance, treatment and training programmes are conducted within the Group. These programmes are based in particular on the risks existing within the entities. The training plan is the result of the risk assessment plan conducted at the design stage, as well as in series production and customer service.

In 2015, occupational health and safety prevention represented 250,000 hours of training, i.e. 15.7% of the training plan.

AN INNOVATIVE TRAINING CONCEPT: THE S-BOX

The S-Box or Safety Box was an initiative of the Vigo (Spain) site. Made up of six rooms, this 110 sq.m. training space is fully interactive. Using different media (notices, videos, soundtracks, games, quizzes, etc.), ten participants per session interact with the activities offered. This type of training boosts the comprehension of participants and improves their active engagement in terms of prevention.

The five main objectives are:

- make all Group employees aware of safety;
- interactively transfer the Group's instructions in this area;
- make employees aware of the importance of safety measures;

- show the Group's concern for the safety of its employees;
- ensure all employees commit to safety.

This concept was also developed for the work carried out by external companies. Started in 2012, the S-Box was rolled out in 2013 in all Group's manufacturing plants. Since 2014, a second version of the S-Box has been developed and rolled out around the Group's five health and safety commitments. A version dedicated to preventing psychosocial risks was launched in services and research and development.

REVIEW OF THE PROGRAMMES CONDUCTED IN THE GROUP

Examples of main training actions for employees and generalised in the Group:

- training in safely operating handling equipment: this training is based on a strict programme combining theory and practice in order to understand the dynamic and static risks and the interactions created in the logistics activities;
- mechanical risk training: this training aims to raise awareness among the supervisory staff and personnel of the job environment risks. In particular, training is offered in Machine Safety, personal protection equipment, work at heights, etc.;

- chemical risk training: within the prevention of inhalation, absorption and cutaneous risks and alongside approach to analyse air quality, training is provided on actual toxicological and bacterial/health risks. The changes in European regulations require training on the new labelling for chemical products;
- electrical risk training: electrical risks are a real source of serious injuries. They may happen in industrial plants, with building equipment or vehicles using electric power. Employees likely to be exposed to these risks take training toward certification, following the strictest international training standards;
- training in preventing road risks: within the driving activities, programmes adapted to different types of situations that may arise have been designed and provided to all employees concerned. Other training programmes prevent the risks of commuting accidents (home – worksite). Finally, training drivers in handling equipment is also followed rigorously, updated regularly and adapted to the environment;
- training in psychosocial risks: preventing psychosocial risks aims to detect signs that should trigger a warning as early as possible. Training programmes have been set up to make all employees aware of the psychosocial risks. In addition, specific training intended for healthcare professionals, human resources teams and employee representatives have been rolled out;
- ergonomics awareness training: learning good body language is a basic tool for preventing problems and conditions likely to be caused by work postures and repetitive actions. Integration workshops feature training in body language. The occupational health services coordinate training with supervisors, in particular training on gestures and postures. Individualised programmes conducted with physical therapists are offered to employees with problems;
- emergency response and first aid training: in emergencies, training is an essential tool to reduce the consequences of an event. These training programmes deal with emergency response, handling defibrillators, using fire safety equipment and training in-house first aid teams. In case of pollution risk, dedicated teams are offering specific training programs;
- awareness training on public health topics: occupational Health Departments promote public health programmes, particularly in nutrition, addiction prevention, vaccine awareness, cardiovascular risks and contamination risks.

3.4.5. Improving well-being and quality of life at work G.8

3.4.5.1. IMPROVING WORKING CONDITIONS

The Group is committed to creating a pleasant and secure work environment in all subsidiaries and at all facilities, regardless of activity. The Group strives to make optimal arrangements, such as working and rest areas, in conformity with a workplace layout charter specifying the relevant criteria (luminosity, office surface area, toilets, meeting rooms, etc.) or else with site traffic management plans.

A team of around 40 ergonomists, reporting to the Human Resources Division, ensures that human considerations are properly factored into organisational and industrial Group decisions. This is reflected in significant investment in the ergonomics of workstations. When the Industrial Ergonomics team was first created, the target was a reduction in human energy consumption needed to perform a specific job. Examination of this energy consumption highlighted the importance of dealing with other types of hardship such as biomechanical stress, physical factors causing musculoskeletal disorders (MSD), or mental, cognitive and psychological stress contributing to the risk of musculoskeletal disorders and psychosocial risks.

3.4.5.2. ACHIEVING A HEALTHY WORK–LIFE BALANCE

Achieving a good work-life balance leads to performance and prevents work-related stress. Capitalizing on that, the Group willingly offers employees part-time schedules or teleworking when the work organisation makes it possible.

The Group responds favourably as much as possible to employees' requests to work part-time. Part-time schedules take into consideration employees' wishes and the efficient running of the departments and also take into account legal and medical considerations. The Group then looks for appropriate solutions: part-time daily or half days, part time in hours, etc. Part-time hours are chosen and not imposed by the Group. In 2015, the Group had 8,788 part-time employees worldwide (1,686 half-time), distributed as follows: 35% women and 65% men.

NUMBER OF PART-TIME EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS*

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	2,465	6,062	0	8,527
	2014	3,198	6,905	1	10,104
	2013	2,824	8,000	2	10,826
Other	2015	23	238	0	261
	2014	137	397	0	534
	2013	100	440	0	540
TOTAL	2015	2,488	6,300	0	8,788
	2014	3,335	7,302	1	10,638
	2013	2,924	8,440	2	11,366

* 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.

To achieve a better work-life balance, multiple services are offered to employees: bus services, carpooling intranet sites, administrative support, company concierge services, travel agents, etc. In 2015, 100 childcare places were offered in France.

Community life is encouraged: more than 80 sports, cultural and charity associations are very active. PSA Challenges, multi-site sports meet-ups, involving different countries, have become events not to be missed. Works Councils receiving funding from the company offer a wide range of social, sports and cultural activities. In addition, today 15 of PSA sporting associations in France are certified.

2,200 teleworkers in the Group

After a two-year experimental phase demonstrating the positive impact of teleworking on working conditions and personal quality of life – through shorter commutes in particular – a teleworking agreement was signed via the “New Social Contract”. Therefore in France, since January 2014, technicians, supervisors and managers have had the option to work from their main residence one or two days a week.

In the digital era, teleworking is a corporate performance driver, promoting motivation and commitment among employees.

At the close of 2015, 1,880 employees in France had opted for teleworking, i.e. almost 8% of the population eligible for this type of work. Furthermore, the agreement also provides for teleworking for exceptional events in the case of one-off, unforeseeable situations or emergencies (bad weather, pandemics, transport strikes, etc.), as decided by the head of the facility. This was implemented for the first time in 2015.

On the company’s first teleworking anniversary, an in-house opinion survey was conducted among teleworkers and their managers. More than 1,400 teleworkers and managers completed the survey. The results were shared with the trade Unions signatories of the “New

Social Contract” during the annual teleworking review meeting. 100% of teleworkers and 97% of managers were satisfied and 94% of managers would recommend teleworking in their department to another manager. 90% of teleworkers experienced a positive impact on their efficiency and saw teleworking as a vote of confidence from their manager.

The Group makes a point of applying this best practice in other geographic areas where it operates. Teleworking is now in use in Belgium (15 teleworkers) and in the test stage in Brazil (160), Argentina (80), Spain (11), Slovakia (32) and the Czech Republic (23).

Maternity and parental leaves

At PSA employee parenthood is managed in terms of professional gender equality. By supporting a work environment encouraging employees to return to work after maternity leave, PSA’s policy helps parents-employees achieve a better work-life balance. It also ensures employees are informed on the various parental leave options, encouraging both mothers and fathers to take advantage of it.

An agreement on granting rest days to parents with a seriously ill child was signed in June 2014 in France with all trade unions. As part of the company’s social responsibility policy and social dialogue culture, this agreement introduces an innovative social cohesion system based on solidarity and mutual aid values.

Since October 1st, 2014, the option to grant rest days can be taken anonymously and without compensation. The rest days are transferred into a solidarity fund managed by the workplace social services. The first full year review is very positive: the solidarity fund was granted 776 days with 626 given by the employees and 150 supplemented by the company. The workplace social services used the scheme to the benefit of nine employees with seriously ill children who were able to take a total of 194 days to take care of their child with no loss of income.

NUMBER OF EMPLOYEES ON MATERNITY, PATERNITY AND PARENTAL LEAVE BY SOCIO-PROFESSIONAL CATEGORY

(At 31 December)

	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
Automotive Division	483	346	267	1,096	1,317	323	354	1,994	263	189	84	536
Other	0	42	12	54	0	3	3	6	0	34	3	37
TOTAL	483	388	279	1,150	1,317	326	357	2,000	263	223	87	573

SPECIFIC WORK SCHEDULES

(At 31 December)

		France			Rest of Europe			Rest of the world			Total		
		2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Automotive Division	Two-shifts ⁽¹⁾	25,438	22,309	22,812	8,668	7,654	6,516	4,818	14	102	38,924	29,977	29,430
	Three-shifts or night work ⁽²⁾	5,851	6,096	6,795	3,668	3,033	2,970	881	94	30	10,400	9,223	9,795
	Weekends ⁽³⁾	7	74	150	326	47	55	26	5	15	359	126	220
Other	Two-shifts	67	52	0	0	0	0	0	0	0	67	52	0
	Three-shifts or night work										0	0	0
	Weekends										0	0	0
TOTAL	Two-shifts	25,505	22,361	22,812	8,668	7,654	6,516	4,818	14	102	38,991	30,029	29,430
	Three-shifts or night work	5,851	6,096	6,795	3,668	3,033	2,970	881	94	30	10,400	9,223	9,795
	Weekends	7	74	150	326	47	55	26	5	15	359	126	220

(1) Two-shifts: working in two teams.

(2) Three-shifts: working in three teams (with a team on duty during the night).

(3) Weekends: reduced weekend hours (e.g. Friday, Saturday and Sunday).

3.4.5.3. OFFERING EMPLOYEES SOCIAL SERVICES IN THE WORKPLACE

The main role of social workers is to facilitate job integration by assisting employees dealing with issues in their personal and/or professional life impacting their occupation. Social services are a place to express oneself and be listened to. They also provide specialist advice to managers, and help implement the corporate social policy.

Workplace social services are provided to all staff in France, through a network of 21 social workers employed at all services or manufacturing facilities. In 2013, the services were added to the company-owned dealership network all over France. Under the same scheme, social services have been set up in other countries like Brazil, which employs two social workers at its Porto Real plant and has set up the *Conte Comigo* programme offering free telephone assistance for employees from other sites.

3.5. MAKING OUR DIFFERENCES AN ASSET G.15 G.17

For PSA, employee diversity is a source of added value and economic performance.

The Group makes its differences an asset by promoting employee representation of various socio-demographic categories (gender, age, ethnic origin, place of residence, disability, etc.) and guaranteeing equal opportunities.

This is an important issue for the company both on an individual level with the recognition of all talent and the support to let them shine, and on a collective level to encourage everyone to get on and meet Group globalisation and collective performance challenges.

3.5.1. Diversity, gender equality and equal opportunities at the core of the social contract

3.5.1.1. PROMOTING DIVERSITY FOR SOCIAL COHESION AND PERFORMANCE

G4-DMA G4-LA12 G4-HR3

By signing precursor agreements with trade unions, the Group has made a public commitment and taken action to promote diversity, taking along stakeholders and employees.

A diversity and social cohesion agreement concluded in France on 8 September 2004 was renewed on 21 May 2015. It reaffirms PSA's intention to ensure equal treatment using objective criteria such as skills and performance, to combat prejudice and to prevent direct or indirect, conscious or unconscious discrimination, particularly in terms of the real or supposed origins of people. By founding its practices on objective criteria based on skills and performance, the Group is determined to encourage the commitment and motivation of all employees.

PSA has opted for the incorporation of diversity promotion into its social dialogue. The agreement makes it possible to share the principles with employee representatives and to provide field teams with business support toward the commitments made. This new agreement is particularly committed to helping young people find employment and toward mobility and career development within the company to ensure that the operating rules guarantee diverse profiles, objective selection criteria and non-discrimination. It offers guidance to ensure that communications and training are used to hold each employee responsible for combating intolerance of difference. The Group respects privacy.

PSA diversifies its hiring channels, building partnerships with education systems and state employment services, developing online job offers and using social networks to reach a wider public. Furthermore, it works to ensure that no stages in the hiring process are discriminatory. A best practice guide is given to recruiters and a service agreement is concluded with line managers involved in recruitment, setting out the assessment procedures. Candidates are selected objectively using tools such as the simulation recruitment method (MRS).

The Group supports public policies in favour of diversity. In France in 2009, PSA was among the first French companies to be awarded the Diversity label in recognition of the Group's human resources policy and best practice in promoting diversity and equal opportunities and preventing discrimination. This label is awarded after a demanding certification process conducted by AFNOR Certification via an on-site audit. It was re-issued in 2012 and audited in 2014. In Spain, the Group was awarded the "Diversidad" label in 2009, which was renewed in 2012 and 2015.

The Worldwide Diversity Commitment

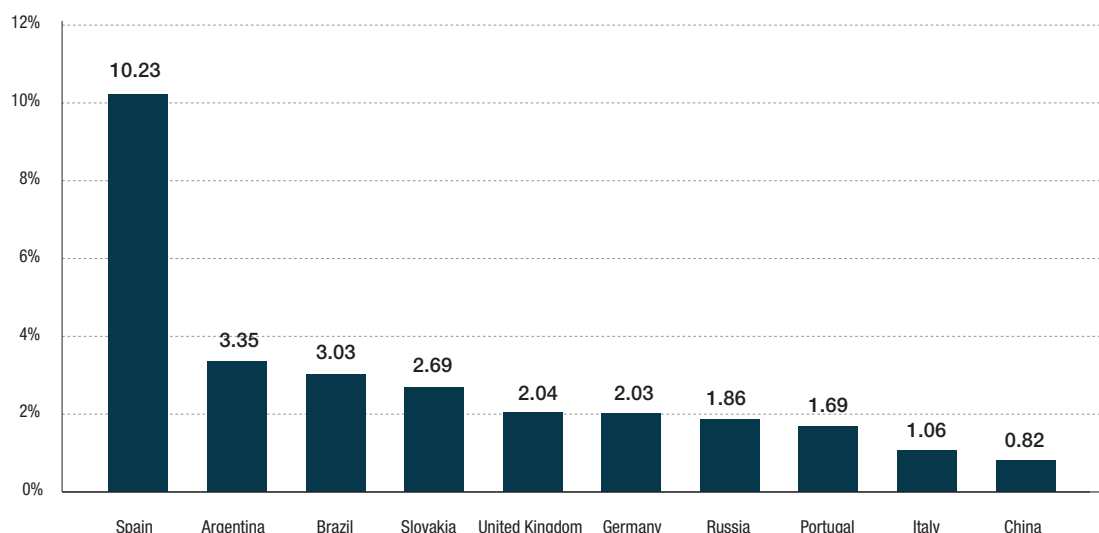
The Group has formalised its actions in favour of diversity in the Worldwide Diversity Commitment, which is shared across the Group and applicable in every host country. It is a reference guide comprising seven founding principles that provide an overall view of diversity and its challenges:

- formalise, implement and lead the Worldwide Diversity Commitment within the subsidiaries;
- inform employees;
- raise awareness and train Group employees in managing diversity;
- secure and objectify the human resource management process;
- encourage diversity, a source of synergy, social balance and business performance;
- monitor, assess and improve the implementation of the Worldwide Diversity Commitment;
- promote the Worldwide Diversity Commitment outside the Company.

This commitment aims to improve how diversity is taken into account within the Group and helps subsidiaries make progress in implementing and promoting diversity.

TOP TEN NATIONALITIES – EXCLUDING FRENCH

(At 31 December – percentage of total workforce)



The Group's workforce represents 115 nationalities. The Group has over 33,308 non-French employees, i.e. 34% of employees. The top ten nationalities other than French represented in the workforce accounted for 29% of the Group total.

Preventing workplace harassment, discrimination and violence

The Group 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 set in every country to prevent it. Employees are regularly informed about these policies and a large number of managers have participated in awareness raising campaigns.

The Executive Committee and employee representatives are determined to raise employee awareness of the issue of moral harassment. An e-learning module is provided to Group employees. The module uses interactive role-playing exercises to help employees describe and identify bullying and moral harassment, detect at-risk situations, and prevent and manage harassment situations. At the end of 2015, more than 6,000 people had taken this e-learning module.

Employees who are victims of or witnesses to cases of workplace harassment, discrimination or violence may report them to human resources or, in the event of difficulty, use the traditional channels. They may anonymously alert a person specifically in charge of diversity and/or harassment issues.

Employees may also use the "harassment" and "diversity" email addresses to report a problem. This prompts the HR function to launch an internal investigation.

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 2015, 64 complaints alleging workplace harassment, discrimination or violence were reported to the Group's Human Resources Department.

13% of claims are still being investigated by the relevant Human Resources Departments or by an external authority. Of the settled complaints, 75% were unfounded and 11% led to a sanction against the person responsible.

3.5.1.2. GENDER EQUALITY AND EQUAL OPPORTUNITIES IN THE WORKPLACE

G.13 G4-LA12 G4-10

For the last ten years, PSA has pursued an assertive policy of promoting gender balance and gender equality in its workforce. The signing, on 26 August 2014, with all six representative trade unions in France, of a new agreement on gender equality, the fourth generation of an initial agreement signed in November 2003, shows that social dialogue is still fruitful and that the Group remains committed to this issue.

Also see sections 3.2.2 on women recruits and 3.3.6.1 on pay equality.

NUMBER OF FEMALE EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS

(At 31 December)

	2014				2015			
	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	8,524	6,603	3,945	19,072	8,177	5,687	3,715	17,579
Other	60	1,211	435	1,706	15	454	201	670
TOTAL	8,584	7,814	4,380	20,778	8,192	6,141	3,916	18,249

Women account for 20.2% of engineers and managers, 25.5% of technicians and supervisors and 15.3% of operators and administrative employees.

CHANGE IN THE PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS

(At 31 December)

% women in the workforce	2013	2014	2015
TOTAL	19.3%	19.3%	18.8%

The reduction in the overall percentage of women is linked to the scope of reporting and the withdrawal from that scope of the French, British, Spanish and Swiss banking subsidiaries with a stronger female presence. Thus, for the automotive Division, the percentage of women in the workforce remains steady at 18.4%.

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND REGION G.1B

(At 31 December)

	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	11,193	54,616	5,052	16,925	1,334	6,549	17,579	78,090
Other	163	165	493	417	14	18	670	600
TOTAL	11,356	54,781	5,545	17,342	1,348	6,567	18,249	78,690

The Group has rolled out a Worldwide Diversity Commitment applicable in the main subsidiaries and countries of operation. It is founded on strong principles, expressed in action plans, to promote gender equality in the workplace. Differences in employment rates for women between regions mainly reflect the nature of the activities carried out and the seniority of the new hires.

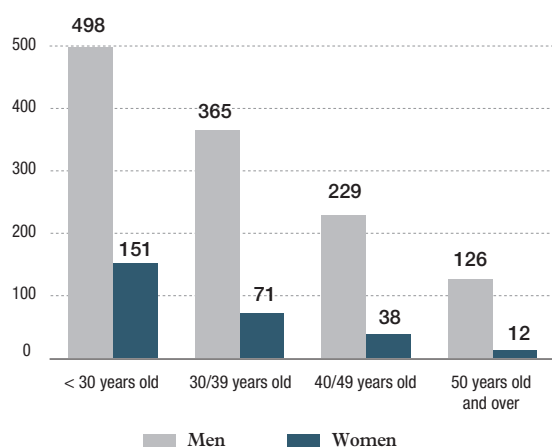
EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER G.1b G.1c G.15

(At 31 December)

	< 30 years old		30-39 years old		40-49 years old		≥ 50 years old	
	Women	Men	Women	Men	Women	Men	Women	Men
Workforce	2,261	6,686	5,527	20,305	5,637	26,281	4,824	25,418
% of Women	25%		21%		18%		16%	

Hirings under permanent contracts by age group and gender

(At 31 December)



A recognised commitment

PSA was the first "equal opportunity" certified company in France in 2005. The renewal of this label on 16 December 2014 marks the Group's long-term commitment and ongoing progress. In Spain, PSA was awarded the Equality label from the Ministry for Social Affairs and Equality in 2013 and for its commercial subsidiaries for the first time in 2015.

The challenges and commitments of the Group in favour of gender equality in the workplace are:

- gender equality in the professions: seen as a performance objective for the Group and part of its sustainable development approach, gender equality in the professions needs to be stepped up. The agreement specifies how PSA, along with its partners, is working on making the automotive professions more attractive to women. Internal mobility should also help increase the gender balance within the Group's job families and professions;
- HR processes to guarantee equal opportunity: these have been shown to be effective, and must continue to be applied and monitored. In addition to the annual comparative review of compensation and promotion indicators between men and women, a comparative study of professional changes between men and women will be conducted. Maternity is the subject of new provisions, in particular to guarantee that maternity leave does not restrict wage increase in the year of maternity leave;
- access of women to higher levels of responsibility: applied to executives and senior managers, this objective is rolled out at all management levels and in all professional categories. This ongoing change is sustained over the long term by training and support measures since it is the means of reducing persistent gaps and is a necessary condition for Group performance and the commitment of all employees.

PERCENTAGE OF WOMEN MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP

(At 31 December)

	< 30 years old	30-39 years old	40-49 years old	≥ 50 years old	Total
Number of women managers	217	1,388	1,548	763	3,916
Total number of managers	647	5,133	7,897	5,722	19,399
% of women managers	33.5%	27.0%	19.6%	13.3%	20.2%

	2013	2014	2015
% of women in the managerial workforce	20.2%	20.3%	20.2%

SENIOR MANAGERS AND EXECUTIVES

(At 31 December)

	30-39 years old		40-49 years old		≥ 50 years old		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	5	9	43	214	21	300	69	523
Including PCA	5	7	37	157	18	248	60	412
Other	2	1	3	23	4	37	9	61
TOTAL	7	10	46	237	25	337	78	584

The table includes "executives" in charge of designing and implementing Group strategy, policies and programmes, and "senior managers" in charge of rolling them out. It does not include members of the Executive Committee. In 2015, the proportion of female senior managers and executives was 12%.

3.5.1.3. ENCOURAGING PROFESSIONAL INSERTION

Employing young people **G15**

In 2015, as part of its programme to bring young people into the workforce, the Group welcomed 2,956 work-study programme participants (skills-acquisition and apprenticeship contracts) and 2,200 interns.

The programme is designed to ensure the training of its youngest employees and the transfer of knowledge and expertise between generations.

INTERNSHIPS AND WORK-STUDY CONTRACTS BY GENDER

	Interns (2015 aggregate)			Work-study contracts (At 31 December)								
	Women	Men	% of Women	o/w skill-acquisition contracts			o/w apprenticeship contracts					
	Women	Men	% of Women	Women	Men	% of Women	Women	Men	% of Women	Women	Men	% of Women
Automotive Division	675	1,506	31%	810	2,124	28%	128	513	20%	682	1,611	30%
Other	15	4	79%	15	7	68%	0	0	0	15	7	68%
TOTAL	690	1,510	31%	825	2,131	39%	128	513	20%	697	1,618	30%

Employing seniors **G4-LA10** **G4-LA12**

Keeping older employees (31.2% of the Group's workforce over 50 years old) in work and motivated is one of the Company's Corporate Social Responsibility commitments. The aim is to ensure equal opportunity and fair treatment for all, including seniors. The

measures included in the PSA intergenerational contract seek to consolidate the place of older employees in the company, to better consider their experience as an advantage for the Group's success and to consider generations coexistence and knowledge transfer as an asset for social cohesion and business performance.

Community initiatives

In signing the *Entreprises et Quartiers* Charter in France, PSA demonstrated its commitment to work alongside public authorities to support local economic and social development in neighbourhoods designated as disadvantaged in France's urban planning policy.

Aware that the location of residence can be a cause of isolation, lack of equal opportunity or discrimination, the Group is a major player in social responsibility in its host communities and is committed to promoting equal opportunity and diversity within the Company. In liaison with public and academic authorities, the Group implements targeted career guidance and professional insertion measures, through youth employment contracts and work-study contracts, specifically aimed at people having difficulty finding work.

3.5.1.4. HIRING DISABLED PEOPLE



The Group has 5,273 disabled employees worldwide. The status of a disabled employee is framed by various local laws. 77% of disabled employees are workers and employees, 17% are technicians or supervisors and 6% are managers.

PSA is committed to hiring and retaining disabled employees. In the Group's Automotive Division in France, 7.12% of the workforce is classified as disabled, i.e. 6% above the national legislation. This is solely achieved by maintaining people with disabilities in work. In addition, there are 2.98% sheltered workers under contract which bring the overall rate of disabled employees to 10.1%, considerably higher than the minimum legal thresholds.

For 15 years, the Group has been developing an assertive policy to retain, recognise and integrate disabled people, particularly through the signing of a number of agreements and organising initiatives worldwide. In France, the Group signed the fifth agreement on

social and professional integration of the disabled on 10 March 2014, confirming its willingness to step up its commitments in this area.

The Agreement is structured around four main areas of application:

- changing how we look at disability by raising awareness among employees throughout the year and by reinforcing the training of managers and trainers;
- promoting recognition of the status of disabled workers, by offering subsidies and guarantees to agreement beneficiaries in their personal and professional lives;
- taking action to integrate and retain disabled employees and maintain them in their jobs by supporting them and providing adjusted work solutions or specially adapted workstations;
- mobilising all those involved in coordinated management by improving awareness of the agreement and of measures in favour of the workers concerned (local disability correspondent, social service, medical service, HR function, management, employee representatives and employees) and by setting up preventive measures.

In France, expenditure on integrating disabled staff was €3.2 million. Accessibility Diagnosis provide site inventories at all facilities and undertake priority investment actions.

"Disability Awareness Week" helps to better promote awareness of disabled workers throughout all work units (office facilities, R&D and manufacturing plants).

Subcontracting with sheltered workshops is one aspect of the Group's agreement for the social and occupational inclusion of the disabled. For over 20 years, the Group has worked with the sheltered sector to source direct material (e.g. instrument panels, interior trim, pedals, etc.) and was the first company to purchase from this sector in France, representing a 2015 revenue in terms of value added purchases (revenue – cost of components and parts) of €33 million with 1,747 employees, including 1,726 in the industrial sector (see section 2.3.1.2).

DISABLED EMPLOYEES

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2015	4,843	394	7	5,244
	2014	5,240	427	25	5,692
	2013	5,722	477	40	6,239
Other	2015	12	17	0	29
	2014	61	30	0	91
	2013	79	25	0	104
TOTAL	2015	4,855	411	7	5,273
	2014	5,301	457	25	5,783
	2013	5,801	457	40	6,343

3.5.2. Human rights and the free exercise of union rights

G.16 G.17 G.18 G.19 G.40 G.42

PSA is committed to growth built on socially-responsible principles and practices, and enforced in every host country and business around the world.

By abiding to the United Nations Global Compact in 2003, the Group pledged to uphold and promote its ten principles of the United Nations Global Compact, an agreement inspired from 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.

In signing the Global Framework Agreement on Social Responsibility on 20 May 2010, PSA formalised its commitments to its stakeholders in a detailed and public manner, and shared its social requirements with suppliers, industrial partners and dealer networks. In this agreement, PSA undertakes to go beyond simply complying with local and national standards and to work within a framework for fundamental human rights. The agreement sets out the Group's commitments and refers to conventions 87, 135 and 98 of the International Labour Organisation on freedom of association and protection of the right to organise, on employee representatives, on the right to organise and to bargain collectively, conventions 29 and 105 on the abolition of forced labour, convention 138 on the abolition of child labour and the minimum age for admission to employment, convention 111 on preventing discrimination,

convention 100 on equal compensation and convention 155 on occupational safety and health (see section 2.4.1). For example, by signing the "Social and Environmental Guidelines for PSA Suppliers", Group suppliers commit to not resorting to forced or compulsory labor or child labour. This practice has been in force since 2006, well ahead of the entry into force of regulations such as the UK Modern Slavery Act.

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 made public on the 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.

Moreover, the Group 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.

In 2015, the Group did not received any citation for non-respect of basic human rights.

3.5.2.1. TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES

G.40 G4-DMA G4-HR2 G4-HR7 G4-HR8

(For the year)

Topics	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	9,258	1,537
Compliance with internal rules, global agreement, Code of Ethics, data privacy guidelines	8,365	7,034
Corruption, conflicts of interest	1,258	863
TOTAL	18,881	9,434

In 2015, 9,434 Group employees participated in dedicated training in human rights policies and procedures. This included guards and security staff. When these activities are outsourced, specialist contractors are selected and must comply with the Global Framework Agreement on social responsibility requirements.

Some of the courses focus on issues related to employees' duties, such as anti-corruption laws, combating fraud, anti-money laundering rules and compliance with competition laws.

A training course on "Managing diversity – Preventing discrimination" is provided to a large number of managers and human resources teams. Almost 3,500 people have completed this training since 2009. Thirty sessions were conducted in France in 2015 for

339 new managers. This is essential in terms of promoting inclusive management practices, realistically applying the principles of respect for differences and forbidding all discrimination. The training is also provided to employee representatives (72 in 2015). Diversity and non-discrimination training is also provided in other countries such as Germany and Russia.

In addition, the Group human rights policy and procedures are explained on the human resources intranet site. The site also states the various agreements signed by the Group, the Universal Declaration of Human Rights text, and the ten Global Compact principles.

3.5.2.2. THE SOCIAL AUDIT, ENSURING THE APPLICATION OF THE GROUP'S SOCIAL POLICY

On an international scale, PSA's social policy is regularly monitored. The Group sees the social audit as a control tool to continuously improve processes, to ensure the application of its social policy. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles.

In 2015, an audit of the application of PSA Global Framework Agreement on Social Responsibility was conducted in the Group subsidiary in Algeria. In addition, audits on the application of the agreement on diversity and social cohesion in the Company

are carried out based on an audit grid. These audits lead to recommendations in light of the context and specificities of each subsidiary.

In the course of 2015, twelve "personal safety in the workplace" audits were conducted in various Group operations internationally (plants, dealerships and technical centres) on the application of the Workplace health and safety management system, supplementing the local checks on standards compliance in all facilities and subsidiaries.

As a socially responsible company, PSA shares its social requirements with suppliers. Since 2008, 68 initial social and environmental audits have been performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the implementation of the Purchasing Department's sustainable development action plan. These audits, conducted by an independent external body, lead to the implementation of corrective action plans if discrepancies are highlighted (see sections 4.3.1 and 4.3.2).

3.6. SCOPE AND METHODOLOGY OF REPORTING**Methodology of Reporting and Definitions**

Knowing the women and men that shape the Group is an essential prerequisite to choosing, implementing and sustainably improving the social policy of a Group of 96,939 employees worldwide.

The Group consolidates and publishes indicators on its human resources management with three guidelines: to be transparent, exhaustive and to provide high quality information. The social reporting process involves over 300 contributors from all subsidiaries in 30 countries, using interactive applications to compile data, and led by a dedicated corporate team.

The definitions of calculation rules or reference conventions used are international standards. A reference guide of technical data sheets specifying the definitions and calculation procedures is used by the reporting contributors to ensure the quality and consistency of the consolidated information.

The managers 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". The fixed-term contracts include apprenticeship contracts, skill-acquisition contracts and CIFRE PhDs students contracts.

The Group meets the legal reporting requirements (Articles L. 225-102-1 and R. 225-105 of the French Commercial Code – legislative framework of Grenelle 2), international reporting standard guidelines (Global Reporting Initiative) and the requests from stakeholders, particularly corporate partners and ESG rating agencies. It is committed to remaining a reference in the quality of its ESG reporting.

The Group engages in dialogue beyond its internal stakeholders by regularly meeting with trade unions at the international level. It also takes part in the work and discussions of various associations promoting responsible human resources practices, such as ORSE or C3D.

Reporting scope

The employee-relations indicators published comply with Article R. 225-105-1 of the "Grenelle 2 Act" and Global Reporting Initiative recommendations. They were produced for the subsidiaries as defined by Article L. 233-1 of the French Commercial Code and the companies controlled within the meaning of Article L. 233-3 of the French Commercial Code, of the Group assessed on 31 December 2015:

- the "Automotive" scope includes the Automotive Division including Française de Mécanique and Sevelnord;
- the "Other Businesses" include the Peugeot S.A. holding company, Peugeot S.A. and BANQUE PSA FINANCE (BPF).

Assessed on 31 December 2015, the changes in scope affect data from 2015 but will not take account of records from previous years. The main changes in scope concern Mahindra's increased stake in PMTC on 19 January 2014, Santander Consumer Finance's increased stake in Credipar, PSA Finance UK (3 February 2015), and PSA Finance Spain and Switzerland (1 October 2015) and the transfer of SCEMM on 31 March 2015.

BANQUE PSA FINANCE (BPF) publishes its own CSR information. PSA is not required to list BPF's CSR data separately.

The scope of reporting does not include employees of joint ventures or joint operations with DONGFENG (DPCA), CHANGAN (CAPSA), Toyota (TCPA), or Fiat (Sevelsud), as the Group does not have exclusive control over these.

This chapter does not include FAURECIA, a listed company in which Peugeot S.A. holds a 49.48% interest and which has, taking into account its business activity, complete managerial autonomy.

Each time the document refers to a policy, this applies to all Group companies except FAURECIA. This applies in particular to the following topics: the employee relations policy including social dialogue organization, measures taken toward equality and anti-discrimination, the occupational health and safety policy, and the human resources development policy, including training. Additional information may relate to only one company or a group of companies and the scope of application will then be specified. Where it is not, the information should be understood as relating to PEUGEOT CITROËN AUTOMOBILES.



4 SUSTAINABLE PURCHASING POLICIES FOR THE ENTIRE SUPPLY CHAIN

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The Purchasing Department is responsible for drawing up and managing the purchasing policy for goods and services worldwide as part of PSA's Automotive Division. It is responsible for the interface between the Group and its suppliers, specifically for meeting all the legal and statutory requirements under its responsibility, as part of its duty of care towards suppliers.

A materiality analysis of the Purchasing Department's CSR priorities has highlighted the following three as the most pertinent and substantial:

- social and environmental standards for purchasing;
- supplier relationship and purchasing practices;
- reducing the environmental impact of logistics.

These three issues are described in section 1.3.2.1 of this report. Faced with these challenges, PSA has set up the following systems.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING*	See section 1.3.4.2: Scoreboard of commitments and pathways for the strategic CSR issues.				
SUPPLIER RELATIONS AND PURCHASING PRACTICES*					
ENVIRONMENTAL OPTIMISATION OF LOGISTICS	Reduce the CO ₂ emissions of the supply chain.	Lower transport CO ₂ emissions per vehicle and per kilometre in 2025 compared with 2015.	Stabilise our CO ₂ emissions from the upstream supply chain worldwide.	<u>Target met:</u> CO ₂ emissions from the upstream supply chain worldwide: 154 kg of CO ₂ per vehicle produced in 2015 vs 153 kg of CO ₂ in 2014 and 104 tonnes of CO ₂ per million kilometres and million vehicles in 2015 vs 104 in 2014.	Reduce the Group's CO ₂ emissions on the upstream and downstream supply chain worldwide, per vehicle and per kilometre (Veh x km) by 2.1% compared with 2015.

* Strategic issue set out in Chapter 1 and monitored by the Executive Committee.

4.1. SUSTAINABLE PURCHASING AS A KEY ELEMENT OF GROUP PERFORMANCE

Purchasing is central to the Group's international development and to its integration in the industrial ecosystems of the countries where it operates.

4.1.1. The Group's supply chain G.39 G4-12 G4-13

CHARACTERISTICS OF THE PSA'S SUPPLY CHAIN

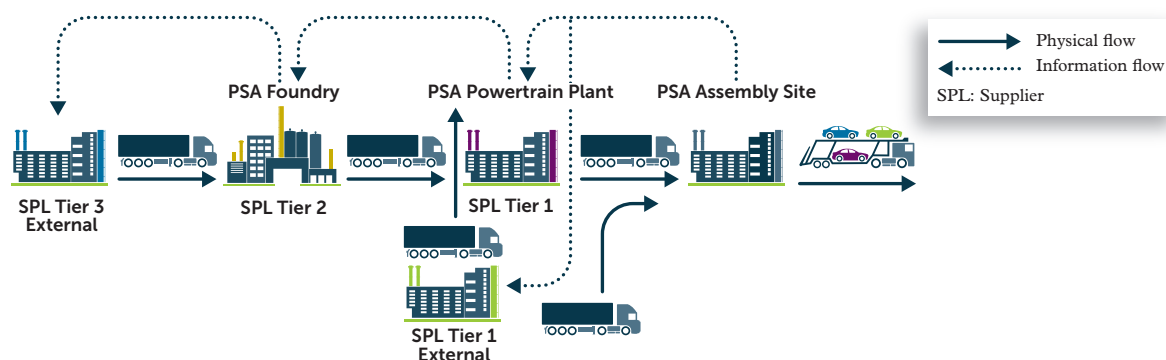
The supply chain links all Group players responsible for the flow of goods and information, from the supplier to the end customer, with a view to delivering the right product (parts, vehicles or spare parts) to the right place at the right time, with a common objective to improve customer satisfaction in terms of delivery time and quality, stocks and costs.

The PSA's supply chain has two distinguishing features:

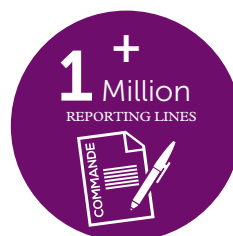
- it is long and complex and involves a large number of different players, from receipt of the order to the sale of the finished vehicle;
- it must respond to a wide diversity of possible combinations. It successfully handles millions of different component combinations every day whilst keeping costs under control.

The PSA has chosen to sub-contract its transport to a supplier.

Diagram of the PSA supply chain



Key supply chain figures



SUSTAINABLE PURCHASING POLICIES FOR THE ENTIRE SUPPLY CHAIN

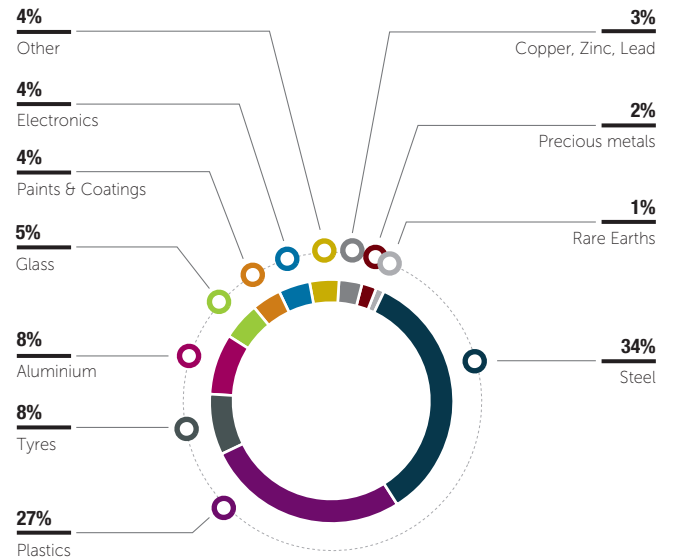
4.1. sustainable purchasing as a key element of group performance

TYPE OF PURCHASES

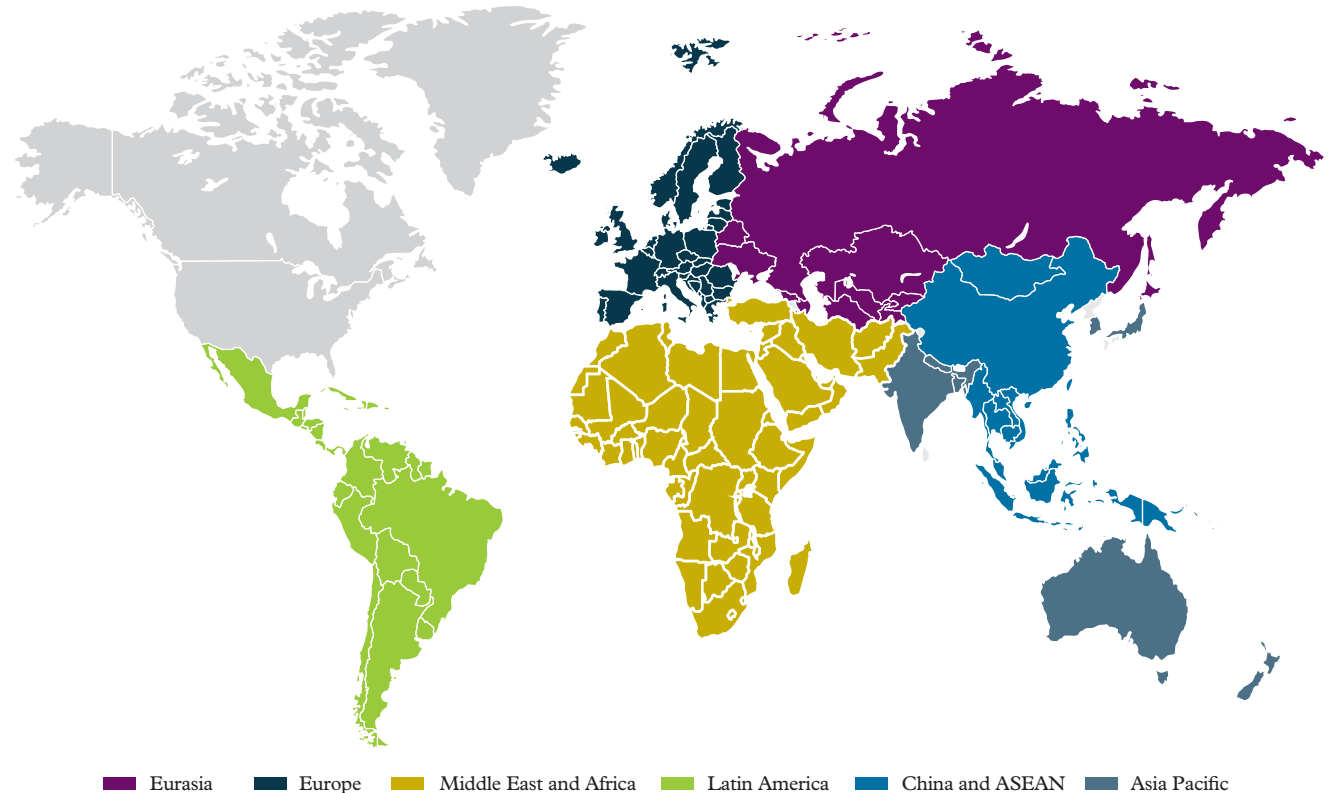
PSA purchases include:

- direct material:
 - series vehicle parts and subassemblies (78% of value of total purchases, of which 15% corresponds to materials included in the price of parts). The direct materials purchased represent more than 75% of a vehicle's production cost,
 - raw material purchases (13% of value of total purchases);
- spare parts and accessories (7% of value of total purchases);
- indirect Machinery & Equipment: overheads, services, marketing, competition, IT and telecoms (15% of the total value of purchases).

Distribution of the value of total purchases by material purchased in % of revenue



Organisation by region



WORLDWIDE PURCHASES BY REGION IN 2015

Amount in millions of euros	Europe	Eurasia (including Russia)	Latin America	China and South-Asia	TOTAL
Direct material	15,875	32	485	0	16,392
Spare parts	1,393	0	27	0	1,420
Indirect Machinery & Equipment	2,945	0	162	0	3,107
TOTAL	20,213	32*	674	0	20,919

* Excludes joint venture purchases.

The calculation method was revised in 2015 to identify purchases by destination region and not by purchaser company.

Purchases by the PSA Automotive Divisions in 2015 totalled €21 billion, equivalent to 37% of the Group's turnover. As at 1 January 2016, purchases of automotive parts (standard and spare parts) worldwide

came from 1,433 supplier groups and independent suppliers, i.e. 3,146 supplier production plants.

In 2015 the Group acquired Mister Auto, an online spare parts retailer. The relevant information will be included in future CSR Reports.

4.1.2. The Group's purchasing strategy

A purchasing strategy based on partnerships and local sourcing



Given the economic challenges, its presence in host countries, PSA is committed to making supplier relationship management the key element of its strategy. The supplier relationship is one of the five macro-processes of the Purchasing Department (see map on p. 136). This approach relies on a segmentation of PSA's supplier base selected on their operating efficiency, and with whom the Group has established close partnership and transparency.

In addition, as technology plays an important part in the components purchased to manufacture its vehicles, the technological, quality, logistical and financial performance of suppliers is paramount: supplier failure can cause production stoppages at the Group's plants and delay the commercial launch of new vehicles. All suppliers are evaluated, selected and monitored on various criteria, primarily:

competitive pricing, quality, logistical performance, ability to develop and mass produce new products, financial sustainability and social and environmental responsibility.

A strong focus on supplier relationship management

The Group places great importance on forging lasting long term relationships with its suppliers. The "Supplier Relationship Management" initiative that governs the Purchasing Department's relationships with its suppliers makes for a win-win situation, particularly with its core and strategic suppliers. The objective is to pool the know-how of each partner and establish a long-term relationship, thereby fostering ongoing development.

With this approach, the Group aims to surround itself with "strategic or core suppliers" able, because of their strong financial structure and capacity for innovation, to help further the Group's development, especially internationally.



ECONOMIC INSIGHT

The Group has borrowed from Monozukuri – a Japanese performance tool enabling global optimisation of the value chain – to set up projects first in France in 2013, then LATAM in 2014, followed by the Group's JV partners in the Czech Republic (TPCA) and China (CAPSA) in 2015. This cross-cutting approach involves the active participation of employees and suppliers and aims to reduce waste throughout the entire value chain. By deploying 40 coordinators worldwide and with contributions from 100 suppliers, a gain of €5 million was achieved in 2014 and €25 million in 2015.

SUSTAINABLE PURCHASING POLICIES FOR THE ENTIRE SUPPLY CHAIN

4.1. sustainable purchasing as a key element of group performance

The Back in the Race plan: purchase action plans

As part of the "Back in the Race" initiative, specific action plans were put in place and suppliers were asked to assist with the Group's recovery by supporting it in four important areas:

"Back in the Race" areas	Supplier actions	Profit or loss
Further differentiate brands and improve net pricing	Offer the Group innovative solutions appropriate for the positioning of each brand, complying with the quality demands of each target client.	Set up projects with a few strategic suppliers to identify future products that epitomise the DNA of each brand (e.g. the air bumps on the C4 Cactus).
Focus on a global core model strategy	Help the Group roll out its new model projects worldwide insuring the continuity of supply.	Optimisation of the modular policy to promote the diversity of models, accelerate their launch and optimise capacity utilisation (e.g. the EMP2 modular platform, a major driver in terms of mass and consumption, quality and economic competitiveness).
Ensure profitable growth worldwide	Respond to the Group's need to increase its local sourcing based on ESG requirements.	Agreement for the creation of a new plant in Kenitra in Morocco (operational launch in 2019), with a local sourcing rate of 60% initially, eventually rising to 80%.
Enhance core competitiveness	Modernise and adapt their manufacturing facilities to the highest international standards as regards cost, quality and time criteria.	Involvement of suppliers in Monozukuri projects to help modernise production sites (e.g. switch to single assembly lines at the Poissy and Mulhouse plants, in line with the "Excellent Plant" concept).

Cooperation with General Motors

On 12 December 2013, the Group announced new developments in its collaboration with GM:

- the development of two vehicles at the PSA platforms (in the B-CUV and C-CUV segments);
- the development of a new LCV (light commercial vehicle) in B-segment based on a PSA new generation platform.

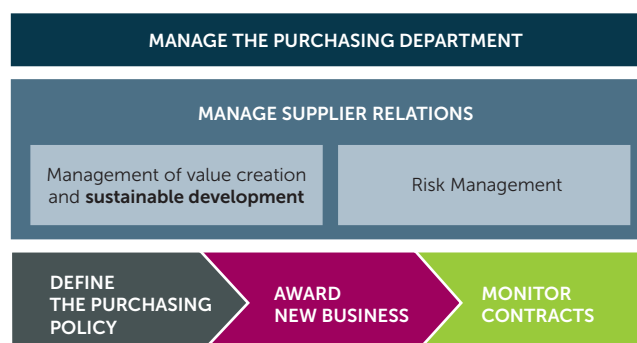
The first vehicles produced by the PSA/GM collaboration are due for market release in 2016, with production divided equally between the General Motors Zaragoza plant in Spain (for the segment B-MPV vehicles) and PSA's plant in Sochaux (for the segment C-CUV vehicles).

Over 90% of the savings targeted for 2014-2015 have been made.

to this macro-process, channelled through the following three operational macro-processes;

- **define the purchasing policy:** this macro-process defines the purchasing strategy for each region and for all commodities;
- **award new business:** this macro-process consists of identifying the suppliers to be consulted, drawing up specifications, launching consultations, analysing bids, choosing suppliers and finalising contracts;
- **monitor contracts:** this macro-process applies throughout the parts life cycle, during project development, during the vehicle lifetime, or in the after-sales phase. It describes supplier monitoring process to ensure contract enforcement.

Purchasing process cartography



4.1.2.1. AN ORGANISATIONAL STRUCTURE SUPPORTING SUSTAINABLE PURCHASING

G4-13

Purchasing is central to the Group's international development and to its integration in the industrial ecosystems of the countries it operates in.

The Group's Purchasing Department is responsible for the supplier relationship. Its role is to build and maintain a supplier database at the best technical, industrial and economic level. It also guarantees the quality and security of the Group's supplies, by ensuring that suppliers comply with Group standards, particularly in terms of quality, logistics and sustainable development. It buys for all divisions of the Group.

Purchasing process mapping

Around the world, 930 PSA purchasing professionals apply identical processes. These are divided into five macro-processes:

- **manage the Purchasing Department:** this macro-process defines the organisation and management of the Group's purchasing units worldwide;
- **manage the Supplier Relationship:** this is a two-part macro-process: manage value creation between PSA and its suppliers, and risk management; CSR coordination is central

A global organisation G4-13

The "Back in the Race" plan strengthens ties with suppliers and introduces steering and monitoring at regional level.

The Group is organised into six regions: Europe, China and ASEAN, Latin America, Eurasia, Asia-Pacific, Middle East-Africa (see section 4.1.1). Each region is supervised by a Chief Operating Officer, who is responsible for economic profit and the management of Group resources in the region, both for manufacturing and sales companies. This structure takes better account of the specific characteristics of each region, so as to identify the risks and capitalise on opportunities. As a result of this, new growth markets such as Morocco were

identified in 2015. In addition, a strategic cooperation agreement was signed with Kazakh AllurGroup and the national holding company "Baiterek" for Kazakhstan.

There is one specific division in charge of logistics. It manages the logistics engineering of flows of parts, subassemblies, CKDs and vehicles. It also liaises with the transport suppliers.

Training for buyers

The PSA purchasing business school organises annual training for new buyers in Europe and Latin America. The course includes a specific CSR module which is updated each year. Since 2008, 448 people have been trained in Europe and 124 in Latin America.

The Purchasing Organisation also organises regular meetings of its operations departments to keep them updated about any CSR developments.

Since 2010, the Group's Code of Ethics has specifically mentioned the integration of ethical and environmental criteria into the supplier relationship. This Code has now been signed by all the Group's senior and supervisory managers. A new campaign was launched in 2015 for the manager population (see section 6.1).

In 2015, following the Group's decision to have its entire supplier base evaluated by an outside service provider, EcoVadis, all buyers have been trained on changes in the CSR regulatory environment and the Group's expectations. An EcoVadis training tool is currently being rolled out.

4.1.2.2. RISK MANAGEMENT AS PART OF THE PURCHASING POLICY



As a result of the many crises the automotive sector has endured in recent years, the PSA has upgraded its risk analysis procedure to ensure it offers more robust risk prevention and responds better to any risks which do arise.

The risk analysis process

In line with the Group's risk policy (see Chapter 1), purchases can be broken down into 572 different commodities to which the Purchasing Department applies a multi-criteria risk analysis (quality, logistics, financial, CSR, etc.) to define "Technology and Manufacturing Purchasing policy" for each commodity. The policy is drawn up by the buyers in collaboration with experts from other divisions of the Group: financial analysts, logistics experts, quality experts, engineers, etc.

The different types of risk

■ **An emerging risk:** changes in the relationship between international car manufacturers and equipment manufacturers.

Equipment manufacturers are called upon to support the global development of car manufacturers. They have become major economic actors whose responsibility weighs heavily on the subcontracting chain, in terms of technologies (investments in R&D and training), production capacities (meet the needs of several competing car manufacturers), confidentiality, societal issues (acceptable for countries in which the Group operates and CSR

impacts), etc. Mindful of this risk, the Group has introduced operating procedures with these global players to guarantee the long-term quality of the relationship (see section 4.2). It also enlists their support in protecting the subcontracting chain from all risks, including CSR risks (see section 4.3).

Worldwide, 18 supplier groups represent 51% of the value of PSA purchases (excluding joint ventures).

■ Raw materials risk

The supplier relationship plays a strategic role in the Group's "raw materials" and product development policy.

To better prepare themselves for any market-related cost increases, the Group's purchasing and manufacturing teams work together to continually monitor the price of raw materials.

They map out the raw materials risks, incorporating the following risk factors for each type of raw material: presence in the vehicles, availability and accessibility of reserves, economic cost, etc. This mapping is designed to enable the Group to manage and secure its supply over the long term and focus its R&D work on replacement materials.

This policy to seek out new, innovative materials combines with the Group's quest to increase the proportion of renewable and environment-neutral materials in its vehicles. (see section 4.3.1.).

■ Supplier quality risk

The handling of supplier quality risk is entrusted to dedicated teams and is formally documented in the SQM (Supplier Quality Manual).

Within the Supplier Development Department (SD) is a dedicated team of quality/lean manufacturing experts responsible for overseeing suppliers' production sites. Each supplier production site has a single point of contact within the Group: this personal approach allows the Group to pick up on "signs of weakness" (early stages of a quality or logistics problem) to prevent a break in supplies which incurs huge resource wastage. This organisation is deployed throughout all regions where the Group has a presence, allowing them to be as close as possible to the supplier pools. The results in terms of quality for suppliers currently in development and during the lifetime of the part are consolidated on a worldwide basis. These are used to guide the supplier relationship at the corporate level and are put into the supplier application package.

SQM is based on compliance with the following fundamental principles:

- customer satisfaction and safety;
- planning goal achievement;
- compliance of all goods delivered;
- transparency, duty of notification and responsiveness.

SQM covers the entire life cycle of supplies (from the choice of supplier to the last spare part delivered). Quality risk is one of the selection criteria for suppliers. It is taken into account from the development phase of new supplies and determines the outcome of product/process accreditation. During the production phase, supplier quality performance is monitored through the "Scoring Bidlist", which assigns penalty points to supplier plants. Each failing is penalised according to a predefined scale, starting from a total of 100 points. Suppliers below 80 points are "red suppliers" and are banned from being awarded new contracts. A corrective action plan is put in place to control quality risk for the customer. "Red suppliers" represent 4% of PSA's global supplier base.

■ Financial sustainability risk

Since the economic and financial crisis of 2008, which heavily impacted suppliers, the Group has tracked suppliers even more closely. The financial results of all suppliers are analysed, which prevents new contracts from being awarded to suppliers in difficulty and identifies all suppliers at significant risk of default (financial health, shareholder morality, etc.). A status report on suppliers with a significant default risk is presented each month to the Purchasing Department Committee. This authorises action plans and may recommend either cash flow support (one-time reduction in payment terms) or back-up measures (duplicating production, search for successors or investors, etc.). PSA has put in place an adaptive organisation and processes to ensure that it meets the contractual payment deadlines agreed with its suppliers. An action plan is in place to tackle late payments made to suppliers. This will identify any reasons for recurring delays and provide the necessary structural solutions.

In 2015, the curative monitoring of suppliers with a high risk of failure based on financial criteria covered 42 companies representing approximately 7.2% of the purchasing costs.

Based on this strategy, the Group did not have to halt production in 2015 following supplier failures.

■ Supplier industrial risk

Since 2012, PSA has had a specific policy for the prevention of industrial risks by learning lessons from past events (the Jasmine Revolution in Tunisia, tsunami in Japan, etc.). This policy allows the buyer to spot PSA's exposure to the risks associated with each supplier production site using a matrix that takes into account criteria such as: geographical location (risk of natural disaster), PSA's share of the site's output, the specificity of the technology used by the supplier, the number of PSA vehicles concerned by production at the site, etc.

This evaluation is routinely carried out for each call for tender and the result is taken into account when selecting the supplier.

■ Country risk

As a result of the geopolitical crises in some North African and Middle Eastern countries in 2011 and 2012, the Group decided to step up its risk prevention. It has created an intelligence network comprising representatives from quality, sales, suppliers and Internet networks. The aim of the network is to identify countries with a potential risk and offer a joint vision on the political, economic and social risks in these countries.

Monthly monitoring is carried out for countries identified as being at critical risk: Argentina, Israel, South Africa, Tunisia, Morocco, Turkey, Iran, Russia, China, Ukraine and Brazil. For Russia, the Group decided to maintain its presence there, despite a critical economic and political situation, and to encourage its suppliers to remain there also.

■ Critical suppliers

A critical supplier is a supplier whose default could lead to production stoppages at the plants or delay the sales launch of new vehicles. We can identify four categories of supplier:

- suppliers who partner PSA in innovation projects;
- suppliers who are the only source of a product or component;
- suppliers for whom PSA purchases represent over 30% of their annual revenue;
- suppliers whose failure to adhere to a CSR policy could damage PSA's reputation were they to have a substantial negative impact on the environment, employment, human rights or society (particularly through unethical conduct).

Critical suppliers account for 50% of the Group's total suppliers.

To carry on its business and manage the risks identified above, the Group has an organisation that governs the relationship with its suppliers. Details of this can be found in section 4.2. The measures taken to control CSR risks are described in section 4.3.

4.2. SUPPLIER RELATIONSHIP AND PURCHASING PRACTICES

The work of the Purchasing Organisation centres around a number of different criteria: better management of the supplier relationship through "Supplier Relationship Management" (SRM), a close

partnership with stakeholders, a strong policy of sourcing locally, as close as possible to its production sites, and a unique purchasing initiative that favours the adapted sector.

4.2.1. A strong focus on supplier relationship management G4-DMA

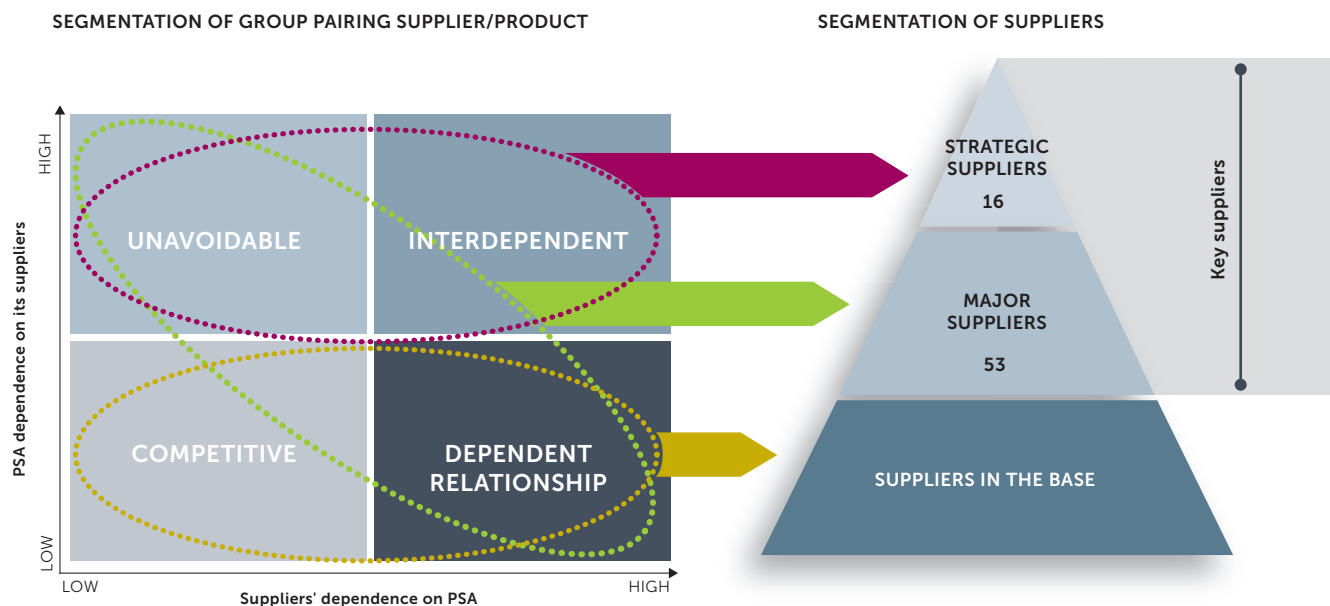
4.2.1.1. SEGMENTATION OF ITS SUPPLIER BASE: BETTER GOVERNANCE AT THE RIGHT LEVEL

The supplier/product group pairings are split into four categories according to the level of interdependence with PSA:

- category A: unavoidable supplier: PSA is highly dependent on the supplier for this product group;
- category B: collaborative relationship: PSA and its supplier rely strongly on each other for this product group;

- category C: dependent relationship: the supplier relies strongly on PSA for this product group;
- category D: competitive relationship: PSA does not rely on the supplier (there are many other suppliers for the purchase group in question) and the supplier does not depend on PSA for this product group.

Segmentation of the supplier panel



In each category there is a specific method of dealing with the supplier, built around 13 value creation factors which include:

- management of the supplier relationship;
- innovation;
- optimisation of the supplier's industrial capacity;
- optimisation of processes and development costs to avoid redundant R&D expenditure between PSA and its supplier;
- improving control of tier 2 suppliers to better take account of the supply risks inherent in the multi-layered subcontractor chain.

PSA has put in place a supplier classification which separates the strategic and core suppliers from the other suppliers for a given product group.

Strategic suppliers: a reciprocal arrangement at the highest level to permit better management of the supplier relationship in areas that are key for PSA.

A strategic supplier is a supplier with whom PSA would like to develop an extensive partnership (share its strategic vision, joint innovation projects, pooling of R&D processes and resources, globalisation, process simplification, optimisation of logistics performance, etc.). A strategic supplier must at the very least:

- be a global supplier able to work with PSA anywhere in the world;
- enjoy a significant market share for the groups of strategic components it develops and produces for PSA;
- have unequivocal expertise and know-how and an exciting innovation dynamic and be willing to share these with PSA;
- fulfil the contractual requirements and the general terms and conditions of purchase defined by the Group including quality, terms and conditions of employment (ESE), CSR, etc.;
- make a commitment to introduce active monitoring of their own supply chain based on CSR criteria.

The strategic supplier relationship is managed from the highest echelons of both the Group and its suppliers.

For example, as part of the work carried out on the autonomous vehicle, PSA set up a chair in 2014 with two preferred partners, Valeo and Safran. The aim is to facilitate technology transfer from the military sector to the automotive industry, particularly for control strategies and GPS technology.

At end-2015: 16 suppliers classed as "strategic".

Core suppliers: recognised technical expertise that is valued by the Group.

A core supplier is a supplier that is an integral part of the manufacturing and purchasing strategy of PSA and its partners, and that plays an important role in achieving the Group's objectives.

Like a strategic supplier, a core supplier must:

- be committed to the automotive industry for the long term (significant investment in resources and R&D) and have a healthy balance sheet (sustainability);
- count PSA among its best clients;
- fulfil the contractual requirements and the general terms and conditions of purchase defined by the Group including quality, terms and conditions of employment (ESE), CSR; etc.
- make a commitment to introduce active monitoring of their own supply chain based on CSR criteria.

At end-2015: 53 suppliers classed as "core".

In 2015, strategic and core suppliers of direct material together accounted for almost 68% of turnover.

4.2.1.2. THE SUPPLIER RELATIONSHIP IS GOVERNED BY CLEAR, FORMALISED PRINCIPLES

The aim of the (SRM - "Supplier Relationship Management") initiative is:

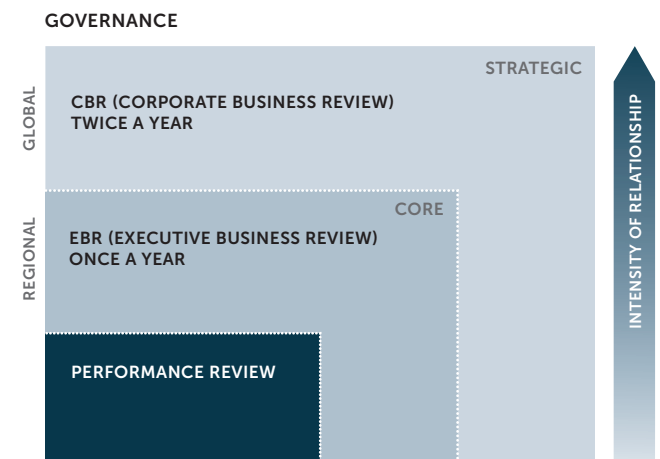
- to work closer with some of our suppliers, specifically through a stronger, better-targeted governance, to create value for both parties over a broad spectrum (strategic vision, innovation, R&D processes, globalisation, simplification of the quality processes, optimisation of logistics performance, etc.);
- reduce the number of PSA's dependent suppliers (supplier dependent relationship rate of over 30%).

Based on its supplier panel segmentation, which separates strategic and core suppliers from all other suppliers, PSA furthers the relationship by means of:

- Corporate Business Reviews (CBR) for strategic suppliers;
- Executive Business Reviews (EBR) for core suppliers;
- Performance Reviews for the other suppliers.

The CBRs and EBRs for key suppliers are aimed at sharing and aligning the strategies of PSA and its key suppliers right to the upper echelons of the Company. They aim to identify value creation initiatives that are of mutual benefit.

Furthering the supplier relationship



In addition to the key suppliers, there are some who rank among PSA's most important suppliers in terms of revenue.

In 2015, 20 supplier groups accounted for more than 55% of the Group's direct material purchases (Aisin Seiki Co.Ltd, Arcelor Mittal, Compagnie Générale des établissements Michelin, Continental AG, Corporation Gestamp SL, DPH Holdings Corporation (Delphi), FAURECIA, Financière SNOP Dunois., JTEKT Corporation, Lear Corporation, Leoni AG, Magneti Marelli SpA, Plastic Omnium, Robert Bosch GmbH, Total SA, TRW Automotive, Valeo, Visteon Corporation, Mahle Stifting GMBH, Grupo Antolin. Irausal, S.A.).

4.2.2. Partnership with the Group's suppliers

To enable us to roll out and promote responsible purchasing policies throughout the supply chain, it is vital we support our suppliers and communicate regularly with them.

A PARTNERSHIP BASED ON CLEAR, FORMALISED PRINCIPLES

Relations with our suppliers are based on simple, very precise rules:

- compliance of all goods delivered to PSA by the supplier;
- clearly identified PSA/supplier responsibilities;
- transparency and a duty of notification;
- provision for achievement of contractual obligations;
- sustainable development objectives are applied.

The Purchasing Organisation defines its strategy on the basis of manufacturing and purchasing policies which involve different areas of the Group (purchasing, engineering, quality, *supply chain*, etc.).

Thanks to the business models in place, *these* permit a segmentation of the supplier panel and the adoption of a targeted management approach guided by efficiency and value creation criteria such as:

- brand differentiation through innovation,
- improved competitiveness through optimisation of the supplier performance programme (Monozukuri projects, environmental performance initiative with suppliers, reduction of R&D costs, etc.) by engaging the supplier's technical expertise,
- international growth (China, Latin America, Russia and growth markets) through the introduction of international consultation and an increase in local purchases,

- global implementation of a targeted strategy to rationalise the number of platforms,
- improving control of tier 2 purchases to better take account of the supply risks inherent in the multi-layered subcontractor chain.

SUPPLIER TRAINING

PSA helps its suppliers with CSR by providing them with various learning, training and development tools. Supplier briefings are held each month to provide suppliers with CSR updates, communicate PSA's CSR expectations, and inform them of legal and regulatory developments in CSR matters. In addition, they are offered e-learning on CSR principles to evaluate their CSR performance via the dedicated platform. Online webinars are organised to allow them to share best practice.

A PARTNERSHIP MEASURED BY AN ANNUAL SURVEY

Every two years, the Purchasing Department conducts a survey among a representative sample of its strategic, core and other key suppliers to measure the quality of their relationship. The suppliers questioned account for 70% of total turnover. The survey involves a questionnaire on seven topics: management of the supplier relationship, project management, quality, innovation, competitiveness, logistics and spare parts. Analysis of the suppliers' responses highlights areas for improvement. The Group can then introduce the relevant action plans and revise its practices.

In 2015, in the "Opinion Way" report published following the survey on the evaluation of large companies by their suppliers, PSA scored above average for supplier relationship and payment terms.



ECONOMIC INSIGHT

The Purchasing Department undertook a central initiative (ECO-PRF) with its strategic and core suppliers which allowed them to reduce the cost price of a vehicle. The deployment of this high-level initiative has increased the rate of achievement (in value terms) of economically important ideas of strategic suppliers from 44% in 2014 to 82% in 2015.

Overall, the efforts made by the Group and its suppliers helped to reduce the average vehicle manufacturing cost by €211 in 2015.

A PARTNERSHIP FOUNDED ON A RECIPROCAL EXCHANGE OF INFORMATION

■ Supplier information meetings

A supplier information meeting (SIM) is a monthly meeting to keep suppliers up to date on the Group and its purchases, vehicle and subassembly budgets, discontinued products, cycle highlights, future production volumes, scheduled production stoppages, feedback from supplier satisfaction surveys, innovations and CSR news both in terms of current and forthcoming regulatory developments and best practice. This provides suppliers with all the information they need to adapt/optimize their production. Video conference attendance is available for anyone who cannot physically attend the meetings and the material presented is uploaded to the B2B portal.

■ Supplier innovation days

These are occasions for suppliers to present their new products and know-how to the buyers, engineers, stylists, etc. Some 10 SIDs are held each year with equipment manufacturers of all sizes. Between 200 and 350 PSA employees attend each of these days and the supplier satisfaction ratings are very high (80% or even 90%).

After each SID, a portfolio of the innovations which best fit PSA's strategy is shared with the Group's technical teams and the supplier, thereby improving future collaboration between PSA and its suppliers.

A PARTNERSHIP THAT PROMOTES SUSTAINABLE PERFORMANCE: SUPPLIER AWARDS

Each year, the Purchasing Department rewards its best suppliers in five categories:

- value creation: this category rewards suppliers for their ability to propose disruptive technical solutions, new value-added services, and innovations that fulfil customers' expectations;
- programme management: this category rewards suppliers for their performance in terms of quality, punctuality, cost control, project management, launch success and technical expertise and organisation, particularly to reduce lead times;
- after-sales performance: this category rewards suppliers for quality of service, measured by the quantities of replacement parts delivered to the dealership network and their ability to deliver on time, directly linked to customer loyalty;
- technical savings: this category rewards suppliers for their ability to offer solutions that reduce the cost of direct material parts, by leveraging logistics, marketing and purchasing to improve the Group's competitiveness/longevity;
- performance of industrial equipment: this category rewards suppliers for their service performance and quality in terms of service provision and industrial equipment, helping to meet environmental commitments.

In 2015, 14 suppliers were rewarded for their commitment and the quality of their response to the Group's expectations. Supplier awards are a chance to underline the strategic importance of the supplier relationship as a fundamental lever in the Group's "Back in the Race" recovery plan. The supplier relationship is a fundamental lever in implementing targeted production programmes and developing differentiating technological innovations in response to the challenges of global competitiveness. This year Linda Jackson, Chief Executive Officer, CITROËN brand, was especially keen to thank Citroën C4 Cactus suppliers for their vital contribution to its success. The Citroën C4 Cactus has garnered over 30 awards, including the highly prestigious "World Car Design of the Year" in New York in April. The ceremony was also an opportunity to present the "Best Supplier Plant" award, in recognition of the performance of 74 industrial sites (around 5% of the Group's supplier base) for their industrial excellence and fulfilment of the Group's quality standards, from vehicle production to delivery of the keys to the end customer.

COMMITMENT TO THE EUROPEAN AUTOMOTIVE INDUSTRY

To foster ongoing improvement and ensure better deployment of its sustainable purchasing policies throughout the supply chain, the PSA is collaborating with nine other European car makers in the "European Automotive Working Group on Supply Chain Sustainability" coordinated by CSR Europe.

As a result of this work, the following have been developed for suppliers:

- a joint approach (including the dissemination of CSR guidelines with members of AIAG, the Automotive Industry Action Group);
- common tools: supplier training in 2016 for logistics suppliers (Sustainable Supply Chain Logistics Forum) and for Chinese suppliers (Automotive Supply Chain Forum in Shanghai).

This teamwork strengthens the CSR policy of each car manufacturer and improves management of the subcontracting chain.

SUPPLIER MEDIATION

Under the CCFA and PFA, in October 2014 the Group supported the creation and implementation of the Centre for Mediation of the Automotive Industry, an independent entity that assists auto industry stakeholders with alternative dispute resolution (industrial relations between customers and suppliers). PSA was not called upon in this regard in 2015.

4.2.3. Local sourcing, a key element of the PSA purchasing policy G.34 G4-EC9



ECONOMIC INSIGHT

The Group is focusing on growth in Latin America and Russia with a target of 80% local sourcing in Latin America and 50% in Russia.

Local sourcing gets round the core risk of currency fluctuation which impacts on the manufacturing cost price, margins and sales volumes.

Local sourcing also helps the Group achieve its objective of reducing the manufacturing cost price (€400 for Russia and €450 for Latin America), bringing down logistics costs, limiting customs duties and taxes (for example, in Brazil and Argentina, customs duties on each imported vehicle are 35% of the manufacturing cost price) and gaining better control of lead times, all of which are key success factors on both these markets.

Local sourcing is also backed by the type of raw material resources available on the local market and the technologies used locally which are often more in line with client expectations and better suited to local conditions (climate, condition of the road infrastructure).

Local sourcing of purchases in Russia has had to be increased following significant fluctuations in the RUB/EUR exchange rate due to the instability of the ruble.

Local purchases boost the region's operating results by limiting the exchange-rate effect on imports, as well as saving on logistics costs, customs duties, etc. They also allow the Group to establish a Russian industrial tool, which can be used for future projects in the Eurasian region.

Around 15 contracts were approved in 2015, chief among them batteries (saving €4.30 per vehicle in total landed cost), aluminium wheels (€12.56 per vehicle), fuel hoses and brake hoses.

Finally, local sourcing also contributes to economic development: the number of direct jobs created in the Sul-Fluminense cluster – a group of suppliers based near the production sites – doubled from 15,000 to 30,000 between 2012 and 2015.

ORIGIN OF PARTS (STANDARD AND SPARE PARTS) PURCHASED FROM TIER 1 SUPPLIERS BY PSA PRODUCTION SITE (AS A PERCENTAGE OF THE VALUE OF PURCHASES)

Year 2015

Origin of the parts (tier 1 suppliers)	PSA plants			
	France	Rest of Europe	Russia	Latin America
Europe	92.64%	93.21%	52.7%	31.8%
Of which France	50.70%	22.43%		31.8%
Of which outside France	41.93%	70.78%		0.0%
Russia	0.01%	0.00%	40.3%	0.0%
Latin America	0.16%	0.1%	1.00%	67.4%
Rest of the world	7.19%	6.69%	6.00%	0.8%

The local sourcing rate corresponds to the value of a region's purchases from tier 1 suppliers in that region divided by the total value of purchases for that region. The calculation method was revised in 2015 to identify purchases by destination region and not by purchaser company.

PSA plays a role in the life of these local territories. Thus, the Group commits to continue to increase its purchases in the area

around its production sites, a policy which also helps sustain local subcontractor activity.

By 2021, PSA aims to exceed a local sourcing rate of 85% in each region, taking into account each actor's actual contribution to local value added.

In Europe:

- 93% of the direct material used in the Group's plants in France are sourced in Europe;
- by way of a comparison, locally-sourced parts (Central and Eastern Europe) for the Trnava plant in Slovakia grew from 5% in 2005 to 53% at the end of 2015.

Thanks to its deep manufacturing roots in France, PSA has once again made a positive contribution to France's balance of trade, with a €5.226 billion surplus and a positive import-export balance of 324,000 vehicles. This contribution to France's trade surplus is up by nearly 10% over 2014. With over 995,000 vehicles built in 2015, PSA was a year early in meeting the commitment it made in the "New Social Contract" to produce 1 million vehicles in France in 2016. More Peugeot 308s were built in France in 2015 than any other vehicle: a total of 243,000 vehicles left the Sochaux plant, 38% more than in 2014. To maintain a strong industrial base in France, PSA has undertaken an ambitious plan to modernise its plants—with optimal logistics, more compact shop floors, simplified workflows—in order to improve the performance of its manufacturing assets.

The Group was awarded the "*Origine France Garantie*" (Made in France) label for 11 vehicles manufactured at its French plants (Mulhouse, Poissy, Rennes, Sochaux): 7 PEUGEOT vehicles (Peugeot 208 GTi, 208 XY, 308, 508, 2008, 3008 and 5008), 1 CITROËN (Citroën C3) and 3 DS vehicles (DS 3, DS 4 and DS 5) were awarded the label from Pro France, an association which promotes the French brand.

This certification is given to products whose final assembly is done in France and over 50% of whose value is also produced in France. It guarantees to French consumers that the product they are buying is French made.

In early October 2015, the CITROËN brand held a week-long press event in Galicia on the theme of "Made in Spain". The CITROËN brand has historical links with Spain, where the Vigo and Madrid production plants build flagship models for destinations all over the world, including the Citroën C-Élysée, C4 Picasso and Grand C4 Picasso, C4 Cactus and Berlingo. To date, over 11 million Citroën vehicles have rolled off Spanish production lines, including the 2CV, Méhari, GS, BX, AX and Xsara Picasso. In 2015 Citroën built over 350,000 vehicles in Spain, sold in over 60 countries.

Russia:

Local sourcing has risen by 6.3% following contracts awarded in 2015, which will take effect in the first half of 2016.

This equates to a local sourcing rate of 40.3% at the Kaluga plant, limiting the negative impact of the fall of the ruble.

In Latin America:

- in Porto Real in Brazil, 74% of parts are purchased in Latin America;
- in Buenos Aires (Argentina) this rate (*i.e.* materials sourced in Latin America) is around 57%.

The Group's development plan sets targets for the expansion of local sourcing beyond tier 1 suppliers. The local sourcing commitment in the "Back in the Race" plan and in the 2025 vision set out in the Comex CSR scoreboard (see section 1.3.2.4) includes tier 1 and tier 2 suppliers in the local sourcing calculations.

TWO EXAMPLES OF STRONG COMMITMENTS: THE FRENCH AUTOMOTIVE INDUSTRY AND SUPPLIER CLUSTERS

The French automotive industry

PSA has consistently stepped up its commitment to the French automotive industry since it took part in the États Généraux de l'Automobile symposium in early 2009:

- PSA abides by the 9 February 2009 Code of Performance and Good Practice governing the client-supplier relationship in the automotive industry. This Code sets out a number of operational rules, specifically in the areas of intellectual property and terms of payment;
- PSA actively contributes to the work of the *Plateforme de la Filière Automobile* (automotive industry platform. PFA) whose mission is to drive forward the French car industry. Ten or so of the Group's managers have been seconded to, or are heavily involved, in the PFA's work and governance, regional industry associations (ARIAS) or competitiveness clusters. In 2015, the Purchasing Department completed this framework by appointing purchasing representatives at each industrial site in Europe: Iberian peninsula (Vigo, Madrid and Murguía), Paris region (Poissy and Saint Ouen), Central and Eastern Europe (Trnava), Western France (Rennes and Caen), Eastern France production plants (Tremery and Borny), Eastern France assembly plants (Sochaux and Mulhouse) and Northern France (Sevelnord, Française de Mécanique and Valenciennes).

The role of industrial purchasing representatives is to report back on the risks and opportunities of their site. One of their goals is to achieve PSA's plant excellence criteria, one aspect of which is basing some suppliers within its plants.

Examples that come to mind are efforts in stamping: an exact report about the players involved and capacity requirements for the years to come was made, customised consolidation proposals were thus able to be made and are currently under consideration;

- PSA supports the PFA's work on the quality of the customer-supplier relationship in the French car industry. PSA has responded to the national survey of car manufacturers, equipment manufacturers and auto industry stakeholders and will take part in working groups with the aim of improving practices within the automotive sector;
- PSA also plays a role in the Fonds de Modernisation des Equipements Automobiles (FMEA), renamed Fonds Avenir Automobile (FAA), which was set up in 2009 to accompany and support the projects of equipment manufacturers and thereby help finance the recovery of the industry;
- in mid-2012, a working group on CSR was created in the French automotive industry (Comité des Constructeurs Français d'Automobiles – CCFA). 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 approaches and methods for supporting the supply chain – to establish standardised practices and develop industry-wide guidelines.

Supplier Clusters

- Building on its success in creating an automotive industry cluster in Galicia, Spain (the CEAGA), PSA – in association with other car manufacturers and core parts suppliers – initiated a project in 2012 to create another such cluster around its production plant in Porto Real, Brazil.
- The project, aimed at promoting local development and competitiveness through public private partnerships (local authorities, universities, equipment manufacturers, etc.) resulted in the creation of the “Sul-Fluminense automotive cluster”. This cluster in the southern region of the State of Rio de Janeiro where the PSA factory is located was publicly made official in April 2013. It presently consists of 18 companies, the carmakers and their equipment suppliers in the region. The principal members are PSA, Michelin, MAN Trucks and Nissan. The Cluster’s priorities for action are the improvement of road and logistical infrastructures, electric power, the telecommunications network and training. In this context to date, regular contacts with governmental agencies (municipalities of the region and the State of Rio de Janeiro) have become frequent, moving progress towards the region’s sustainable development and competitiveness.

PSA is working towards attracting new suppliers in the Sul-Fluminense cluster. It organised a conference, attended by the

Rio de Janeiro State Secretary for Development, for around 60 suppliers in March 2014. The aim of this meeting was to:

- further the development of the automotive industry in the Sul-Fluminense region;
- share common development interests for the Porto Real region;
- identify potential new suppliers.
- For its new industrial site at Kenitra in Morocco, which will be operational by 2019, PSA has set itself the target of 60% local sourcing (vehicle and engine components) from the launch of the first vehicle, eventually increasing this to 80%. To achieve this goal, PSA will rely on existing Moroccan suppliers and is actively developing the local industry to secure additional suppliers (tier 1 as well as tiers 2 and 3). PSA is calling on all its equipment manufacturers outside Morocco to join it in this “new frontier” project.

PSA unveiled its project to equipment manufacturers at a supplier convention in Kenitra on 23 October 2015, attended by nearly 200 companies, including 20 Chinese firms (DPCA and DFM suppliers).

To provide them with the latest facilities, PSA has reserved a 20-hectare site for its suppliers in the Kenitra area, which could be extended if necessary. Equipment manufacturers based at this site will be in close proximity to PSA’s plant.

4.2.4. PSA’s strong commitment to the adapted sector G.37

For over 20 years, PSA has been sourcing series parts from the adapted and sheltered sector (such as beams, headliners, crank gears, etc.). Subcontracting to this sector is one aspect of the Group’s agreement for the social and occupational inclusion of people with disabilities. The 4th agreement was signed in 2000 and the 5th agreement has been renewed for the 2014-2016 period.

Suppliers in the adapted and sheltered sector are now expected to meet the same standards as the Group’s other suppliers, based on criteria such as quality, responsiveness and financial performance. The Purchasing Department has helped them implement the changes necessary to reach this performance level. Since developing this expertise, some sheltered workshops have marketed their know-how to other customers and business sectors (rail, aeronautical, etc.).

Bretagne Ateliers has also received the “Best Plant” award from PSA for its outstanding performance in 2014 in terms of industrial excellence. The criteria used were: quality, punctuality of deliveries, logistics expertise, technical and engineering customer service and troubleshooting.

Key figures:

- services purchased from the adapted and protected sector represent €38 million in value added;

- 2,500 industrial products;
- The Group works with:
 - six key associations: ADAPEI in Doubs, ADAPEI in Haute-Saône, Bretagne Ateliers, Les Papillons Blancs in the Upper Rhine, Les Ateliers de l’Ostrevent and the AMIPI/SLAMI foundation,
 - 1,917 beneficiaries (full-time equivalent disabled workers from the sheltered or adapted sectors), of whom 1,780 beneficiaries are in manufacturing, corresponding to an employment rate of people with disabilities of 3 percentage points at Peugeot Citroën Automobiles S.A. (PCA) France;
- 100% of the cars built in Europe by the Group have at least one part manufactured by the adapted and sheltered sector.

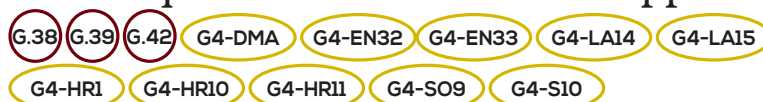
PSA remained France’s number one buyer from the adapted sector (firms specialising in hiring people with disabilities) and sheltered sector, (organisations helping people with disabilities into work) in 2015. This has been accomplished as a result of the strategy adopted by the Group, which decided over 10 years ago to give responsibility to a member of staff within the Purchasing Department for purchases of industrial parts from the adapted and sheltered sector. This organisation is one of a kind and is frequently cited as an example of best practice by other manufacturers.

4.3. SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING

To implement its purchasing policies, PSA, a member of the Global Compact, has adopted a number of tools such as audits and questionnaires which are backed by social and environmental standards and adhere to the regulations of the International Labour Organization (ILO) (human rights against child labour and forced labour), health and safety regulations, environmental practice

standards (ISO 14001) and the strictest rules governing the use and disposal of substances (the REACH regulations, for example). Special care is paid to the sourcing of specific materials such as "conflict minerals".

4.3.1. CSR requirements extended to suppliers



CSR is a global initiative. To ensure progress made in this area is sustainable and can be extended throughout the supply chain, all stakeholders must be involved. When it joined the Global Compact on 9 April 2013, PSA promised to adhere to and promote to its suppliers the ten principles based on the Universal Human Rights Declaration, the Declaration on the Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption.

INCORPORATING WORKFORCE-RELATED AND SOCIAL CRITERIA INTO THE PURCHASING PROCESS

Human rights and compliance with environmental principles are fundamental to the new supplier selection process and in the maintenance of existing suppliers. Inclusion in the supplier base is automatically subject to compliance with: environmental principles, labour and human rights practices (non-discrimination, freedom of association and the right to collective bargaining, abolition of child labour, abolition of forced or compulsory labour, security and anti-corruption practices). 100% of new suppliers are assessed before they are admitted to the supplier panel.

PSA works with its suppliers to help and support them in implementing their CSR initiatives, but reserves the right to conduct an audit, or arrange for an audit to be conducted, at any time at the suppliers' premises to check their procedures meet with the PSA requirements. If the supplier fails to comply with any of the listed criteria, corrective action plans are put in place and a sanction may be imposed. In the worst case scenario, the supplier may be removed from the base.

■ PSA's policy on "conflict minerals": proceeds from the extraction of gold, tin, tantalum and tungsten are used to finance armed conflict in the Republic of the Congo and in neighbouring countries. In accordance with the Dodd Franck Act of 2010, PSA's policy requires transparency from its suppliers about the origin of the minerals they use. A specific clause has been inserted in the general terms and conditions of purchase (clause 14), stating that the supplier must disclose the detailed composition of the materials used to manufacture the parts supplied, as well as any changes in that composition. The supplier must also provide the written information necessary to comply with the legislation in force, particularly on consumer protection and conflict minerals. With help from the R&D Department, in charge of the

management of sensitive products, the Purchasing Department has begun systematically interrogating the entire supplier base to identify the suppliers concerned, ask them to complete the EICC-GeSI form and, in the event that they source materials illegally, to set up alternative procurement channels. PSA thus seeks to exercise its duty of care and foster sustainable procurement.

CONFLICT MINERALS: EVALUATION OF THE SUPPLIER BASE AT THE END OF 2015

Number of supplier groups unaware of whether they use these minerals	14
Number of supplier groups declaring that they use these minerals	64
Number of suppliers who report having implemented procedures but have not provided evidence of this	30

■ Focus on **human rights in the supply chain**: in line with its longstanding commitment to the Global Compact, and building on its Global Framework Agreement which extends to suppliers and partners, the Group identifies the regions and areas that are most likely to present risks of human rights violations, and in particular recourse to modern slavery. It applies a graduated reasonable efforts approach, even going as far as removing a supplier if it should emerge that it was directly or indirectly involved in this type of practice.

A few examples of action taken by suppliers following CSR audits carried out by the Group:

- violation of the right to exercise freedom of association and collective bargaining (G4-HR4): a meeting room was made available for a trade union that did not have premises in which to meet,
- non-compliance with child labour laws (G4-HR5): a company that employed a child under the age of 17 had to declare this to the relevant authorities in its country,
- forced or compulsory labour practices (G4-HR6): a supplier had introduced a levy on wages to force its employees to remain with the company. Employees who did not remain with the company forfeited three months' salary. PSA put a stop to this practice and ensured that the money was returned to employees.

SUPPLIERS MAKE A SIGNIFICANT CONTRIBUTION TO THE GROUP'S ENVIRONMENTAL TARGETS

Most of the Group's suppliers are in industries facing the same environmental challenges as the Group: reducing their carbon footprint and water consumption, managing their industrial waste, recycling more and protecting biodiversity. PSA involves them in its efforts to monitor its environmental roadmap.

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 (see section 4.2.1).

Suppliers are also involved in the Group's commitment to reduce hazardous substances in two ways:

- elimination of the four heavy metals: lead, mercury, cadmium and hexavalent chromium;
- compliance with the REACH regulations, on the basis of the recommendations of the ACEA, of which PSA is a member (see Chapter 2).

CO₂ EMISSIONS LINKED TO PURCHASES OF MATERIALS AND COMPONENTS (SCOPE 3)

Emissions (thousand tonnes of CO ₂)	2014
Production of parts	1,170

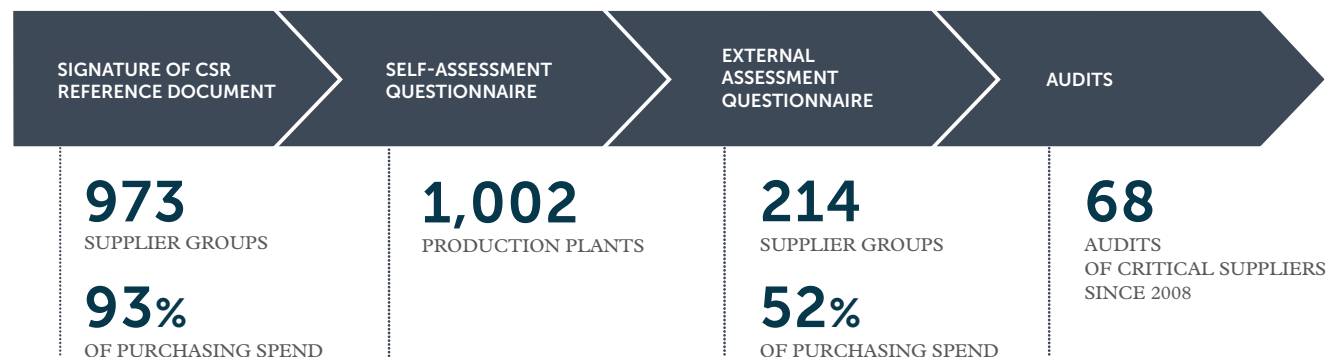
These CO₂ emissions correspond to 30% of the purchases made in 2014.

4.3.2. Extending the supplier CSR assessment



For PSA, assessing the CSR performance of suppliers is a key factor in the supplier selection process. For example, 96% of suppliers were selected in 2015 on the basis of their CSR rating. This rating consists of the following elements:

Supplier evaluation process



SIGNATURE OF THE CSR REFERENCE DOCUMENT: “CSR REQUIREMENTS FOR PSA SUPPLIERS”

In 2006 PSA set out its CSR requirements in a reference document “PSA’s social responsibility and environmental requirements of its suppliers”.

The Purchasing Department has responsibility for this document which requires:

- compliance with the law;
- promotion of and compliance with internationally-accepted human rights;
- freedom of association and the effective recognition of the right to collective bargaining;
- elimination of any forms of forced or compulsory labour;
- effective abolition of child labour;
- elimination of discrimination in terms of hiring and occupation;
- anti-corruption measures and the prevention of conflicts of interest;
- compliance with the legal minimum wage;
- working hours not exceeding those set out in national legislation or collective agreements;
- compliance with health and safety at work;
- implementation of a Quality Management System (ISO 9001 or ISO TS certification or equivalent standards) and Environmental Management System (ISO 14001 certification);
- implementation of an environmental policy for research;
- discontinued use of prohibited substances and materials;
- suppliers to obtain CSR commitment from their own suppliers.

All suppliers in the supplier panel are asked to mark their commitment to these principles by signing the document, or furnish evidence that they themselves have an equivalent document, and also undertake to promote these principles to their own suppliers and subcontractors.

At the end, of 2015, 973 suppliers had committed, equating to 93% of purchases.

This document is included in the purchase *contract* and the Group’s purchasing processes and is also available on its B2B portal.

SELF-ASSESSMENT QUESTIONNAIRE

Since mid-2013, all suppliers wishing to take part in a tender process for automotive parts must complete a self-assessment questionnaire for each production site. The questionnaire covers three areas:

- compliance with social criteria: promotion and respect of human rights, freedom of association and the effective recognition of the right to collective bargaining, abolition of any forms of forced or compulsory labour, effective abolition of child labour, anti-corruption and the prevention of conflicts of interest, remuneration, working hours, compliance with health and safety at work;
- compliance with environmental criteria: the existence of a company/group environmental policy, organisation to ensure implementation of the environmental policy, environment at the industrial plant, management of the water cycle, management of air discharges, soil conservation, waste management;
- management of the supplier relationship: the supplier’s relationship with its own subcontractors, inclusion of CSR criteria in the specifications, rules of application for supplier assessment.

The objective of this evaluation is threefold:

- to allow the supplier to see where it sits in terms of PSA expectations;
- to provide appropriate support for each supplier. A supplier production plant with a red rating cannot be selected for the tender unless a corrective action plan is put in place. Production plants with an orange rating will be investigated further on certain key points;
- to act as an initial risk prevention filter.

RESULTS OF THE 2015 SELF-EVALUATION OF SUPPLIER PRODUCTION PLANTS

Self-evaluation of 1002 supplier production plants	Compliant	Minor non-compliance	Non-compliance core
Global rating	90%	10%	0%
Social factors	95%	5%	0%
Environmental factors	98%	3%	0%
Handling subcontractors	76%	19%	5%

ASSESSMENT BY AN EXTERNAL COMPANY

To supplement the supplier assessment process and make it more strengthening, the Group has embarked on an assessment of its entire supplier base using criteria relating to the environment, workforce, ethics and subcontracting chain. It has outsourced this assessment to an external company, EcoVadis. The first step was to identify supplier risks more clearly.

The Group informed its suppliers that this evaluation was a prerequisite for remaining in the panel and that a corrective action plan would automatically be required for providers that were not up to the necessary standard.

In 2015, 214 supplier groups were evaluated, or 52% of the value of purchases. The aim is to evaluate over 80% of purchases by the end of 2016.

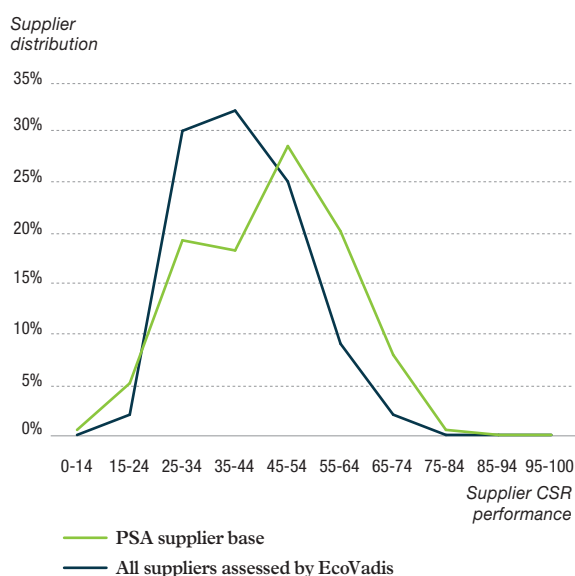
CSR PERFORMANCE OF PSA SUPPLIERS ASSESSED BY AN EXTERNAL COMPANY (ECOVADIS)

	Compliant	Minor non-compliance	Major non-compliance
Overall performance	56%	38%	6%
Environmental performance	65%	30%	5%
Social performance	57%	36%	7%
Ethical performance	37%	53%	10%
Subcontracting chain management	36%	53%	11%

PSA's suppliers outperformed other suppliers assessed by EcoVadis, with average scores of 46 and 41 respectively.

The PSA supplier base evaluated by EcoVadis was found to have a more advanced CSR maturity than other suppliers assessed by EcoVadis.

Distribution of CSR assessments of PSA suppliers vs EcoVadis



Source: ecoVadis

AUDITS OF SUPPLIERS AT RISK

For suppliers identified as "at risk" according to the CSR country, product or process criteria, social and environmental audits are conducted by an external company. Based on the Group's values, an audit table has been put together and covers the following topics: CSR policy, human rights, working conditions, health and safety at work, environment and the management system. These audits provide a snapshot of how the supplier is performing in terms of the PSA reference document and the local statutes and regulations. The specifications stipulate that the audit must be carried out by local auditors who speak the language of the audited site and are fully au fait with the laws, regulations and practices applicable to the site.

The external auditor draws up an audit report on each occasion. The report describes any non-compliances encountered and grades them according to four classifications (critical, core, minor and observations only), each requiring corrective action plans.

If no satisfactory solution can be found to a critical or core non-compliance, a disengagement plan may be put in place, after consultation with the Group's internal players affected by the decision.

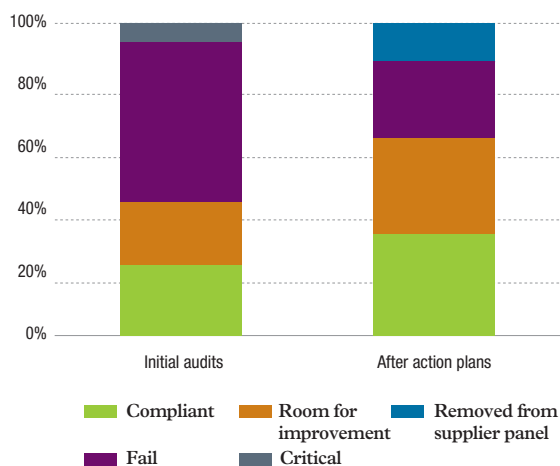
If necessary, an audit may be carried out to check the action plan has been implemented.

Since 2008, 68 social and environmental audits have been performed at Tier 1, 2 or 3 suppliers.

SUMMARY OF 2015 AUDITS OF SUPPLIERS AT RISK

General organisation	Sub-topics	Observations	Minor non-compliances	Core non-compliances	Critical non-compliances	Total
CSR policy	CSR policy	0	5	0	0	5
Human rights	Uphold freedom of association and the effective recognition of the right to collective bargaining	0	2	0	0	13
	Elimination of any forms of forced or compulsory labour	0	0	1	0	
	Abolition of child labour	0	1	0	0	
	Elimination of discrimination in terms of employment and occupation	0	0	2	0	
	Anti-corruption measures and the prevention of conflicts of interests	0	1	0	0	
	Labour organisation and disciplinary practice	0	1	5	0	
Working conditions	Remuneration	0	3	3	0	27
	Working hours	0	1	20	0	
Occupational health and safety	Organisation	0	5	8	0	92
	Buildings	0	1	4	0	
	Fire Prevention	4	7	24	3	
	Machines/electrics	0	7	3	0	
	Hazardous substances	0	6	15	0	
	Canteen	0	1	0	0	
	Dormitories	0	1	2	1	
Environment	General organisation	0	4	5	1	20
	Waste	0	0	1	0	
	Waste water	0	0	0	0	
	Air emissions	0	4	2	1	
	Soil	0	0	0	0	
	Water and energy consumption	0	2	0	0	
Management system	Supply chain	3	6	3	0	12
TOTAL		7	58	98	6	

Change in CSR performance of suppliers assessed between 2008 and 2014



CONCLUSION: IMPACTS IN 2015 OF SUPPLIER PRACTICES NOT COMPLIANT WITH CSR REQUIREMENTS AND MEASURES TAKEN

- Environmental impact: no complaints were filed against the Group through official channels in the reporting period.
- Employment impact: a dedicated team works alongside suppliers to develop alternative solutions limiting impacts (see section 4.2.3 on the French automotive industry).
- Human rights impact: no complaints were filed against the Group through official channels in the reporting period.
- Social impact: no complaints were filed against the Group through official channels in the reporting period.

4.4. REDUCING THE ENVIRONMENTAL IMPACT OF LOGISTICS

G4-EN4 G4-EN30

To keep a firm hand on the subcontractor chain requires optimisation of the supply chain. The environmental impact of transport is far-reaching, from localised pollution (sound, air pollution, etc.) to global warming. Evaluating the impact of transporting the products, goods

and materials through the supply chain (from the purchase of raw materials to network distribution) and staff travel are part and parcel of the global environmental strategy planning process.

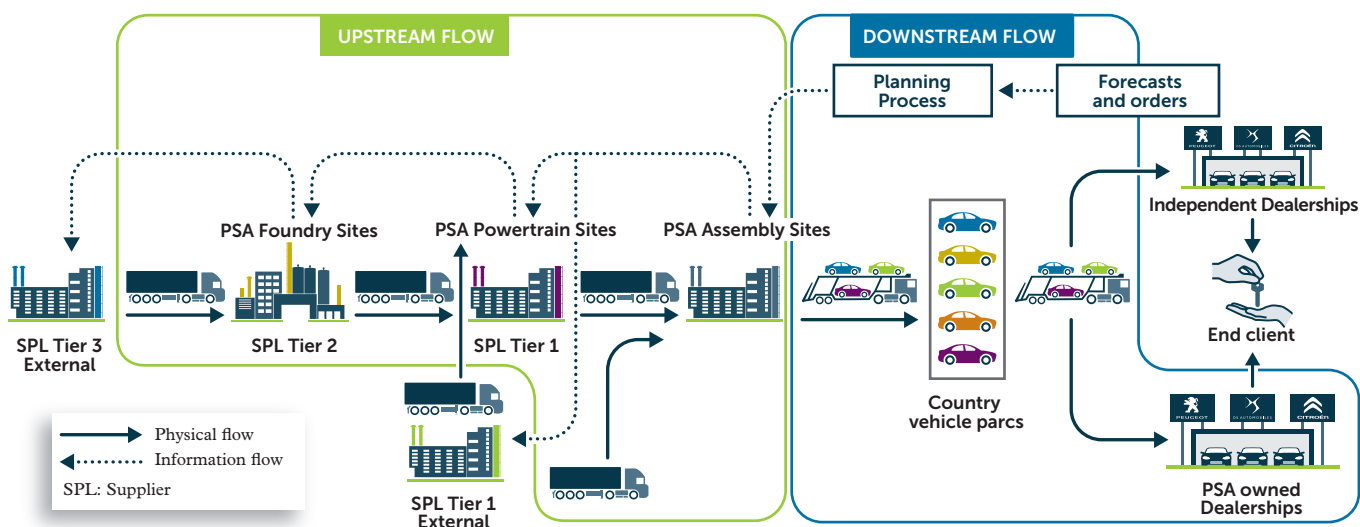
4.4.1. Impact of logistics on the carbon footprint of the Group's manufacturing operations

G4-EN17

When defining the Industrial Division's Environmental vision, logistics operations were identified as having a core impact on the carbon footprint of the Group's manufacturing operations. Projects began in 2014 to quantify the current impact of the supply chain, and build the "logistics carbon footprint 2018-2022" strategy based on the Supply Chain Master Plan, which sets out the main medium-term objectives in terms of logistics.

DIAGRAM OF THE SUPPLY CHAIN

The Supply Chain encompasses all the Group players in charge of all the physical workflows and the information flows, from suppliers to end customers. Company employees and suppliers are working on a joint improvement initiative aimed at increasing client satisfaction in terms of leadtimes and quality, optimising inventories and reducing the cost and environmental impact of transport.



THE PSA TRANSPORT POLICY

PSA is a key French automotive manufacturer on the world market and manages thousands of flows on a daily basis, from sourcing supplies for its plants from its suppliers to delivering vehicles and spare parts to its clients.

Subcontracting transport

PSA opted to subcontract its transport activities to an outside contractor who commits to implementing a sustainable development policy which requires it to:

- make every effort to use the least polluting transport methods available, in line with the most stringent environmental standards;
- prioritise alternatives to road transport;
- comply, and ensure its subcontractors comply, with all legislation and regulations in force in the country in question, specifically that all heavy goods vehicles used in the European Union will meet

the Euro 4 standard and above, and any vehicles replaced in the fleet will meet Euro 5 as a minimum requirement.

The deployment of the target architecture of procurement and vehicle distribution flows initiated in 2014 is aimed at improving transport costs upstream (parts) and downstream (vehicles) and reducing the environmental impact:

- a CO₂ evaluation module will assess the environmental impact of the different scenarios on an ongoing basis, thereby producing the best possible transport plans;
- to further improve efficiency, all parts transported from PSA suppliers to all PSA European plants will be pooled. This bulk transport reduces the number of trucks on the road;
- the Group is also exploring alternatives to road transport and increasing its use of rail and river transport. Transporting parts from eastern Europe to French plants by rail could remove a large number of trucks from the roads each day, thus reducing CO₂ emissions by thousands of tonnes a year.

THE DIFFERENT FLOWS BROKEN DOWN BY MODE OF TRANSPORT (SCOPE: WORLD EXCLUDING JVS, 2015)

Breakdown by mode of transport (in tonnes)	Upstream flow	Downstream flow
Air	0%	-
Rail	0%	15%
Road	94%	64%
River/sea	6%	21%

ACTIONS UNDERTAKEN

Actions	PSA initiatives	Profits/Results achieved by PSA
Fill rate of the trucks	Improvement of a tool for 3D visualisation of the theoretical loading of HGVs based on daily orders sent to suppliers Pooling of flows between several suppliers, Milk runs, optimising uplift frequency	For "fixed rate" trucks (which we pay in full for our plants), we are achieving fill rates of over 90% for delivering parts to the factories and between 70% and 80% for returning empty packagings to the suppliers, depending on the plant The fill rate of the trucks arriving at the plants is measured and action plans put in place if any anomalies are detected
Intercontinental flows	Redesign of procurement flows	Parts from suppliers located in eastern France destined for the Argentina plant now transit through Sausheim in Alsace to reach the port of Antwerp by barge, from where they are exported. A study is currently looking at having shipments from Italy for the Kaluga plant (Russia) routed via Trnava (Slovakia) instead of Sausheim, which would avoid 460 km of road transport on each trip, or 19 tonnes of CO ₂ per year. For the production plant due to be completed in Morocco in 2019, a rail solution is being examined to carry around 90% of vehicle production from the future plant to the port of Tangiers. This would then be transported to the Middle East-Africa region by sea.
Optimisation of packaging and volumes transported	All packaging is sustainable and reusable DESIGN To LOGISTICS initiative launched at the end of 2013 to track the transport impact of parts right from the design phase. Technical specifications for logistics (TSFLs) have been drawn up for the large majority of part families, setting out our logistics requirements for our research and development centres	Waste reduction: the reuse of sustainable containers (for 98% of sustainable packaging) in new vehicle projects is growing, by taking into account catalogue parts of existing containers at the design stage, rather than developing them separately Volume of parts transported for a new vehicle reduced by 1 m ³ minimum (compared with the vehicle replaced or equivalent). This rationale is built into the specifications of vehicle projects with a launch date later than 2016. The same approach has also been extended to vehicles already on sale (optimisation during the vehicle lifetime).
Use of multimodal transport	Move to more environmentally-friendly modes of transport (already high usage of rail transport and use of sea transport)	Reduction of road traffic and the corresponding pollution: Maritime experience in Europe: a regular shuttle between Saint-Nazaire and Vigo (sea highway) has been used for several years. The frequency increased from two to three rotations per week in 2015, equivalent to an additional 5,600 trucks which use it every year. Each truck reduces its road journey by 1,300 km, thus helping to ease congestion and reducing CO ₂ emissions by 7,000 tonnes a year. Evaluation with GEFCO of the possibility of replacing road transport by rail and identification of eligible Group flows: in 2015 for example, a weekly shipment between northern Italy and Valenciennes, via Belgium, is now done in swap bodies by rail, reducing CO ₂ emissions by 122 tonnes a year. Use of the China-Europe Express Train line, which covers almost 11,000 km between Duisburg (Germany) and Chongqing (China) and offers an alternative to air transport for urgent shipments to China. In 2015, containers of gearboxes from Valenciennes were shipped via this rail link to Wuhan.
Development of downstream vehicle logistics	Since 2015, the Supply Chain Department has been working on a project to develop the downstream logistics organisation for vehicles built in Europe in order to optimise costs and lead times.	This action plan is essentially two-pronged: - reduction of the distance covered by new vehicles by increasingly distributing vehicles direct from our assembly plants and transporting them once the final destination is known; - development of cheaper and cleaner rail transport with regular trains between plants.
Deployment of an external cross-docking solution	Continued reorganisation of logistics clusters in Europe	Transport optimisation and consolidation for the collection of parts from suppliers transiting through cross-docks (logistics platform) as a result of pooled collection between plants and reduction in the number of collections for PSA (by standardising the frequency of collection for all plants). The end of the physical deployment of cross-docks is planned for late 2016, while further optimisation is planned for 2018 with the development of information systems. Decrease in the number of shipments between cross-docks and European plants, with optimised truck loading. At the Prague cross-dock, the number of shipments to plants has fallen by 60%.

SUMMARY OF CO₂ EMISSIONS IN TONNES AND BY TYPE OF FLOW

Scope (World excluding joint ventures)	Mode of transport	CO ₂ emissions in tonnes-2013		CO ₂ emissions in tonnes-2014		CO emissions in tonnes-2015	
TOTAL		467,000		442,463		443,252	
Upstream transport	Road	249,498	74%	221,255	77%	238,435	79%
	Air	30,915	9%	16,430	6%	26,046	9%
	Rail	2,139	1%	1,199	0%	2	0%
	Sea	54,880	16%	47,385	17%	38,940	13%
	Total	337,432	100%	286,269	100%	303,423	100%
Ratio of tonnes of CO ₂ from transport / vehicle produced upstream		0.171		0.153		0.154	
Ratio of tonnes of CO₂ / (M km x M Veh) upstream*		Not available		104		104	
Downstream transport	Road	105,910	81%	126,732	81%	108,314	77%
	Rail	5,748	4%	6,615	4%	8,128	6%
	Sea	18,615	14%	22,847	15%	23,387	17%
	Total	130,273	100%	156,194	100%	139,829	100%
Ratio of tonnes of CO ₂ from transport / vehicle distributed downstream		0.056		0.063		0.058	
Ratio of tonnes of CO₂ / (M km x M Veh) downstream*		24.7		23.8		21.0	

* This ratio is more representative of transport performance: it takes into account the distance covered (and therefore changes in shipments and new shipments) and the number of vehicles or volume transported. Performance can then be compared on a like-for-like basis.

4.4.2. Restructuring employee travel

G4-EN4

G4-EN17

PSA EMPLOYEE BUSINESS TRAVEL – CARBON EMISSION REPORT (IN KG DE CO₂)

	Plane	Train	Car
Year 2014	14,266,992	129,077	-
Year 2015	10,202,752	146,258	111,347

The PSA's action to restructure employee travel focuses on six initiatives:

- **remote working:** under the terms of the New Social Contract, remote working has been progressively rolled out Group-wide since the start of the year. In the space of a year, over 1,880 employees opted to work remotely, making PSA one of the leading employers for this type of work arrangement;
- **encourage the use of remote meeting tools** (audio, online meeting system, video conferences). The number of business trips fell by 7% between 2014 and 2015:
 - for meetings involving several attendees in different geographical regions, PSA acquired video conferencing software in early 2010 so meetings could be attended remotely. Thus several people separated by considerable distances can hold a meeting as though they were in the same room. This easy-to-use technology facilitates exchange between teams located at different PSA site locations. Video-conferencing rooms have been installed at 12 PSA sites worldwide,
 - for small committee meetings, all the Group's laptops are equipped with an audio and video system;

■ **offer a car sharing solution:**

PSA is developing an employee car-sharing solution known as "Share your Fleet". This mobility service, currently being trialled at the Group's sites in the Paris region among a population of PSA testers, addresses the various mobility needs of employees.

With Share Your Fleet, employees can book their vehicle two days in advance and up to 15 minutes before departure. The vehicle is unlocked using the staff pass: there is no need to go and collect the keys.

Vehicles can be kept for up to 17 consecutive hours. From 2016, the scheme will be extended to all Group employees, who can also pay to use the vehicles in the evenings and at weekends.

- **prioritise rail travel** on the following routes: Paris-Bordeaux, Paris-Lyon, Paris-Marseille, Paris-Mulhouse, Paris-Nantes, Paris-Rennes, Paris-Sochaux, Paris-Strasbourg, Paris-Amsterdam.

■ **fall in the average emissions of the service vehicle fleet.**

PSA makes service vehicles available to employees for their business trips.

The fleets are mainly multipurpose vehicles for medium distance travel, but there are also city vehicles available for use between the Paris sites.

Since January 2014, there has been a drive to incorporate lower CO₂ emission cars in the fleet.

AVERAGE CO₂ EMISSIONS FROM COMPANY VEHICLES* – FRANCE

(in g/km)	2013	2014	2015
CO ₂ level	116	114	108

* Vehicles reserved for employee travel (excluding commercial vehicles).

4.5. REPORTING SCOPE AND METHODOLOGY

G4-20

G4-22

G4-23

The Purchasing Department buys for both Peugeot Citroën Automobiles, an umbrella group for all the Group's manufacturing (including Société Française de Mécanique and Sevel Nord)

and support activities, and for the brands' central divisions, Peugeot Automobiles and Citroën Automobiles. It is also responsible for the core purchases made by BANQUE PSA FINANCE (BPF).

Reporting methodology

The purchasing indicators below correspond to the application of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code and the recommendations of the Global Reporting Initiative (GRI). A cross-reference ratio with GRI G4 indicators and a cross-reference ratio pursuant to the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) are included at the end of this report.

The reported data are for purchases by the manufacturing plants, the R&D sites, the main office facilities, the commercial sites of the PEUGEOT and CITROËN proprietary brand networks and the activities of BANQUE PSA FINANCE (BPF).

Consolidation scope and coverage rates

Joint ventures: the reporting scope does not include subsidiaries jointly owned with other carmakers or joint ventures accounted for by the equity method, due to the lack of exclusive control.

In these joint ventures, PSA exercises its role as shareholder and industrial partner in a perspective of long-term development.

PSA owns a stake in these joint ventures or joint operations:

- TPCA, located in Kolin in Czech Republic, a joint operation with Toyota;
- DPCA, located in (Wuhan and Xiangyang), Hubei Province, China, in joint venture with DONGFENG MOTOR CORP;
- CAPSA, located in Shenzhen, China, in joint venture with CHINA CHANGAN AUTOMOBILES;

- Sevelsud, located in Val Di Sangro, Italy, a joint operation with Fiat;
- PCMA Automotiv RUS, located in Kaluga, Russia, in cooperation with MITSUBISHI MOTORS CORP.

However, PCMA Automotiv RUS, in Kaluga, Russia, -a joint operation with Mitsubishi Motors Corp., is included for purchase reporting, as PSA holds 70% of the shares.

In 2015 the Group acquired Mister Auto, an online spare parts retailer. The relevant information will be included in future CSR Reports.

The coverage rate of the data in this chapter is 95%.

The data presented in this chapter have been audited by an independent body, the firm Grant Thornton, using the methods set out in appendix 8.



5 INDUSTRIAL ECOLOGY

WITHIN THE GROUP'S MANUFACTURING PLANTS







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PSA has identified five core priorities in the area of industrial ecology:

- energy and manufacturing carbon footprint;
- discharges and industrial pollutants;
- waste and materials cycles;
- water;
- biodiversity.

These five challenges are described in section 1.3.2.1 of this report. In response to these issues, PSA is pursuing the initiatives presented below.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
ENERGY/INDUSTRIAL CARBON FOOTPRINT	Continue to reduce the carbon footprint of manufacturing plants	Energy consumption in - 2018: 2 MWh, i.e. 300 kg CO ₂ eq. or 1.75 MWh, i.e. 265kg CO ₂ eq., excluding casting, per vehicle produced - 2022: 1.92 MWh, i.e. 265kg CO ₂ eq. or 1.68 MWh, i.e. 250kg CO ₂ eq., excluding casting, per vehicle produced (PCA worldwide scope)	Energy consumption of 2.15 MWh /vehicle produced, i.e. 325kg CO ₂ eq. per vehicle produced (PCA scope)	<u>Target met:</u> 2.07 MWh per vehicle produced, i.e. 283kg CO ₂ eq. per vehicle produced	Energy consumption of 2.08 MWh, i.e. 310 kg CO ₂ eq. per vehicle produced Progress maintained despite the consolidation Française de Mécanique
INDUSTRIAL WASTE AND POLLUTANTS	Managing the impacts on the environment and local residents	Reduce VOC emissions to 2.5 kg per vehicle produced by 2018 and 2kg per vehicle produced by 2022 (PCA worldwide scope)	Emissions of 3kg per vehicle produced (PCA worldwide scope)	<u>Target met:</u> Emissions of 2.69kg per vehicle produced	Emissions of 2.75 kg per vehicle produced.
WASTE AND MATERIALS CYCLES	Optimising the recycling of waste	2018: Zero landfill for assembly plants in Europe	Exchange of best practice among plants to optimise waste processing channels	4 out of 9 European assembly plants have attained zero landfill	Controlling hazardous waste treatment by systematically using specialised treatment facilities.
WATER	Reduce water consumption by the Group's manufacturing plants	Achieve water consumption of 3.3m ³ , or 3.05 m ³ excluding casting, per vehicle produced by 2018 and by 2.4 m ³ , or 2.2 m ³ excluding casting, per model produced in 2022 (PCA worldwide scope)	Water consumption of 3.6m ³ /vehicle produced (PCA worldwide scope)	<u>Target met:</u> 3.75 m ³ of water per vehicle produced, or 3.55 m ³ of water per model produced excluding Française de Mécanique which was recently consolidated (PCA worldwide scope)	Water consumption stable at 3.6 m ³ per vehicle produced
BIODIVERSITY	Preserving biodiversity at our sites	Production centres are encouraged to take part in local initiatives to promote biodiversity and to publicise these initiatives during biodiversity week.			

5.1. THE GROUP'S ENVIRONMENTAL PROTECTION POLICY AT MANUFACTURING LEVEL: ORGANISATION AND STRATEGY

The environmental policy of the Group's Industrial Division applies to all Regional Division entities. It aims to reach optimum operational efficiency by 2025, ranking it among the very best. This vision requires all Group plants to embrace the "Excellent Plant" concept, on a par with the world's leading manufacturers, by pooling the know-how of the various industrial business lines, including environmental activities.

The Industrial Division's environmental policy contributes to the five challenges below, which will be explained in this chapter:

■ Energy performance and carbon footprint

Reducing the carbon footprint of industrial activities based on two key priorities: by reducing the energy consumption of plants and by optimising logistics operations.

Advocating the use of renewable energy wherever feasible.

■ Industrial discharges and pollution

Control environmental impacts associated with the use of chemicals (in particular, reducing emissions from paint workshops, and risks associated with the use of these products) and reducing disturbances to local residents.

■ Waste and materials cycles

Develop circular economy approaches to researching and implementing waste processing channels with the help of our partners.

■ Water

Managing water consumption, usage and treatment in industrial processes.

■ Biodiversity

Preserve biodiversity identified in the Group's impact reduction strategy.

The targets in response to the main challenges have been set up to 2025 and beyond, with intermediate targets set for 2018 and 2022.

Having defined the path, the attainment of intermediary targets is based on four fundamentals, which are already well-anchored:

- involvement of all staff;
- roll-out of an Environmental Management System at all manufacturing sites in line with ISO 14001;
- production methods which incorporate the best technology available from the design stage onwards at an economically feasible cost;
- employing shared best practices in these production methods to optimise consumption and emissions.

5.1.1. A solid, proven organisation

For many years, the Group has been engaged in proactive environmental stewardship at its production, research and development sites and each secondary site, with a commitment to ensuring that their operations comply with local regulations, fully safeguarding the surrounding environment and the quality of life of host communities, while demanding continuous improvement.

First launched at the PCA plants, this policy is gradually being rolled out to the brand dealership networks. The Group encourages its points of sale to manage their environmental indicators (water, energy and waste) in order to boost their performance.

The Group's industrial strategy integrates environmental protection with a commitment to continued improvement based on rigorous organisation, a methodology structured around the Environmental Management System (ISO 14001 standard), and the allocation of significant financial resources. Environmental data are reported using data from 2015 with a new tool that supplements and harmonises the applications used by the Group in this area. The history acquired since 1989 is retained, allowing the Group to prioritise and work effectively on the most important environmental challenges relating to its operations.

Within the Automotive Division, to ensure that the targets are met, the Group has identified an Environment role within the business

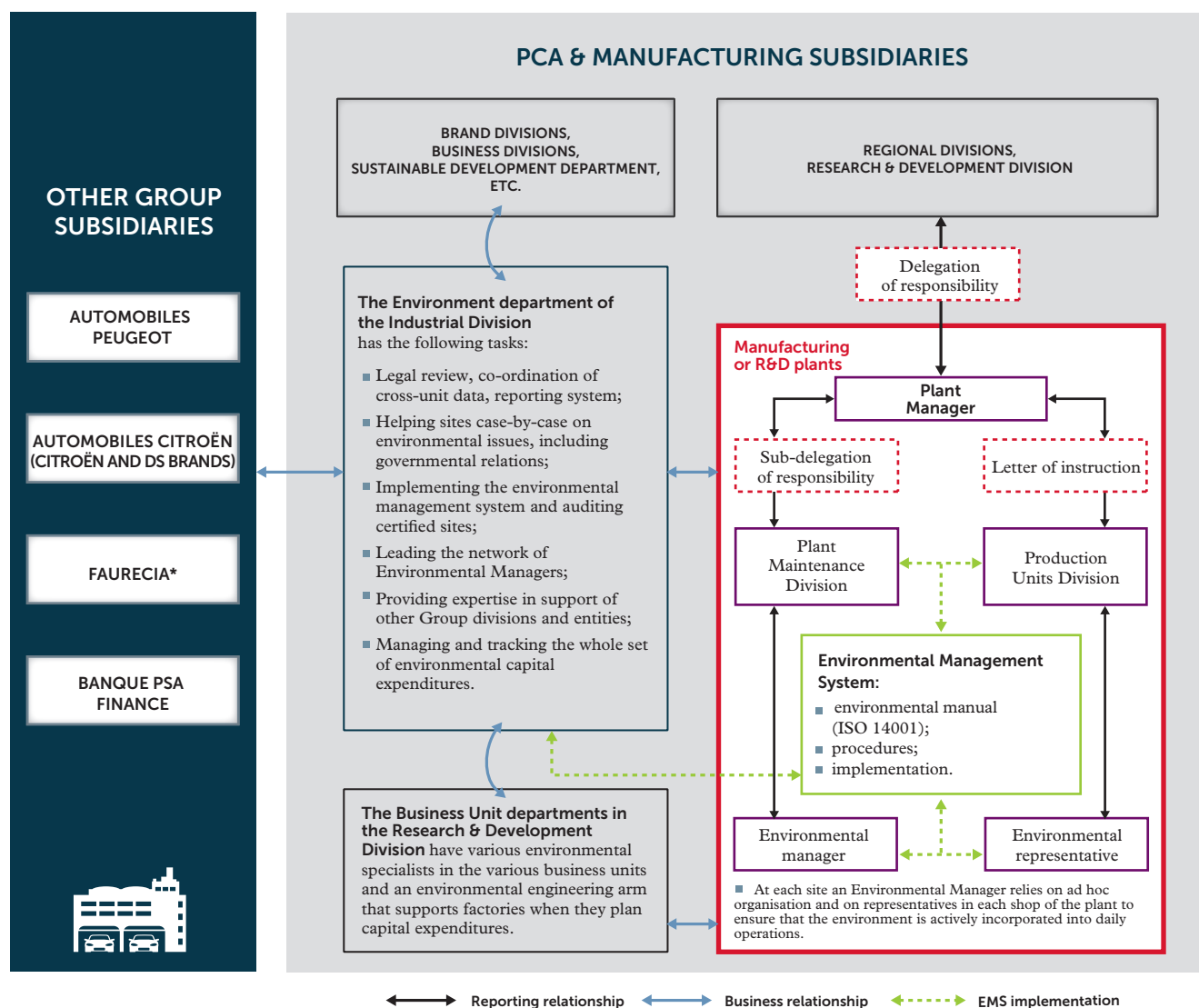
channels developed to cover all of its core operations. It is certified by PSA University and allows the training path for every major environmental contributor to be defined, thus contributing to the full completion of his or her activity. These training courses include face-to-face sessions, enabling the sharing of experience, together with e-learning courses and the monitoring of learning to ensure knowledge is maintained at an optimum level.

The Industrial Environment Department leads and coordinates the whole environmental approach for the manufacturing plants. This department manages the annual investment plan. In addition, it supports these structures through continuous monitoring (regulations and best practices), underpinned by external assistance to identify the applicable laws and requirements. At each site, an Environmental manager is responsible for ensuring the proper implementation of the industrial environmental policy. The manager relies on representatives appointed in each workshop.

Finally, the Research and Development Division also has environmental specialists who provide technical support to the plants, particularly during capital projects.

In all, some 400 people are directly involved in managing the Group's industrial environment.

Organisation and coordination of the environmental approach



*FAURECIA is not included in the CSR Report as it has its own environmental policy.

5.1.2. PSA's strategy in response to environmental concerns

5.1.2.1 THE "EXCELLENT PLANT" STRATEGY

Environmental respect and conservation are core concerns for PSA, and are fully integrated into the Company's industrial strategy. This strategy, called Excellent Plant, aims to make each plant one of the best automotive plants worldwide in all areas of industrial performance. In addition to production and quality performance, the Excellent Plant strategy aims to control and reduce the environmental impacts of the Group's operations. Given the number and size of its operating sites, and the scope of its operations, which range from sourcing supplies for production (casting, components,

subassemblies, finished vehicles) to the delivery of vehicles for sale, the Industrial Division is aware of its responsibility to conserve ecosystems and biodiversity. To this end, it has developed a three-pronged environmental approach which is consistent with its core business: manufacturing vehicles which meet the best standards relating to CO₂ emissions, recycling and environmental impact management. Structured according to ISO 14001 and the certification of all its manufacturing plants, this environmental policy enables the Group to develop best practices in energy use and reduce environmental impacts at facilities.

The ambition to set an example everywhere: Shenzhen, Excellent Plant 2015

As its environmental responsibility policy is applied in all the regions in which it operates, the PSA places great importance on setting an example in the operation of all its plants in Europe and all over the world. Thus, the new plants, including those set up under joint ventures, also benefit from the Group's best know-how.

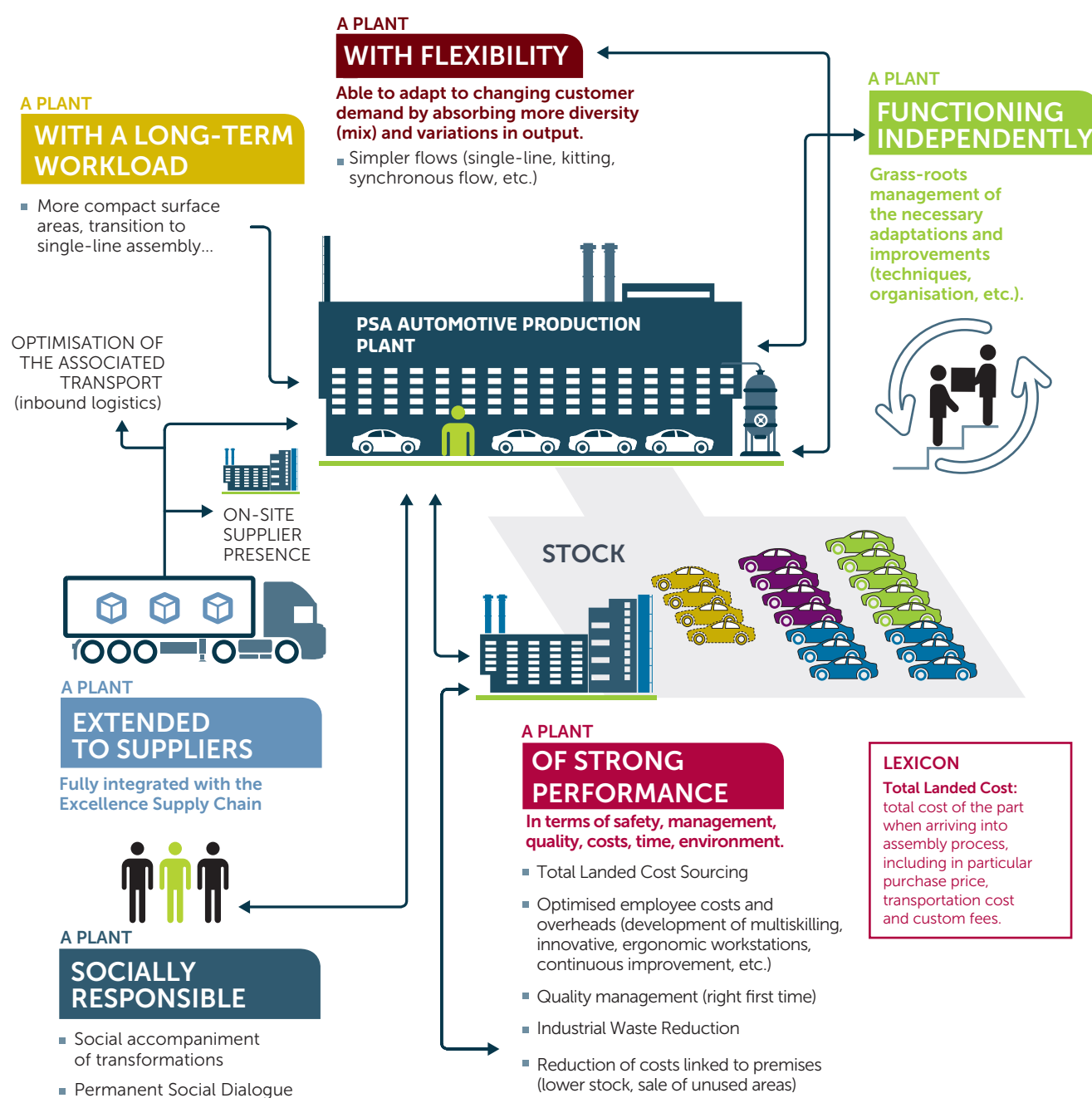
An example of this commitment is the CAPSA plant in Shenzhen, which was opened jointly with the Chinese carmaker Changan to produce vehicles from the DS line for the Chinese market. Its 350,000 unit production capacity over a total surface area of 200,000 sq.m. makes it one of the most compact plants in the world.

Its energy efficiency is an example of how the Industrial Division's vision for the environment is being implemented, a vision that aims to reduce the carbon footprint of the Group's manufacturing plants. The plant has also been fitted with LED and solar lighting, saving almost 50% in lighting energy.

The air conditioning systems use innovative procedures that enable iced water to be produced and stored overnight, when electricity is cheaper.

Finally, the plant has the best available technology in its various workshops with, for example, water-based paints which only emit around one kilogramme of volatile organic compounds per painted vehicle.

The Shenzhen plant is an example of the Group's commitment to using the best environmental practices in all its plants.



INDUSTRIAL ECOLOGY WITHIN THE GROUP'S MANUFACTURING PLANTS

5.1. The Group's environmental protection policy at manufacturing level: organisation and strategy

5.1.2.2 USING THE BEST AVAILABLE TECHNIQUES AT AN ACCEPTABLE ECONOMIC COST

G.20 G.22

The Industrial Division's environmental policy is developed starting with the design of new production methods, so that environmental impacts can be taken into account. The Industrial Environment Department ensures regulatory monitoring to identify future structural regulatory change and shares this data with the production resources design departments to best anticipate future regulatory constraints to which production facilities will be subject. This fully reflects the Group's commitment to setting an example in all territories in which it operates, via the Excellent Plant concept, which aims to mobilise all Group plants around attaining the best global level, including in terms of environmental impacts.

5.1.2.3 ANALYSING ENVIRONMENTAL RISKS

G.20 G4-DMA

Conducted in accordance with ISO 14001, it means that the significant environmental aspects linked to the sites' operations can be identified for each site, and integrated in its environment. The analysis, which is regularly updated, serves to identify the core 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.

5.1.2.4 AN ACTIVE CERTIFICATION POLICY

G.20 G.21

Within PCA, an Environmental Management System is in place at all Group production sites. It is based on the international standard ISO 14001, which is an acknowledged standard for management and organisation. It aims to formalise an environmental policy, identify the significant environmental aspects of each facility and reduce their impact, draft procedures and standards to be used in implementing the policy, and guarantee regulatory compliance as part of a continuous drive for improvement, which is a founding principle of environmental protection.

In 2015, in anticipation of changes applied to the 2015 version of the ISO 14001 standard, the Group implemented a strategy to adapt its Environmental Management System to PES (PSA Excellence System) principles.

This new standard reinforces the principles already listed, in addition to developing a process-based approach and an environmental impact analysis applicable to the whole life cycle. Plants will be certified based on this new standard from 2016, and into 2017 and 2018, during site audits. The development of the Environmental Management System by process is also perfectly in keeping with the approach implemented under the Group's management system, namely the PES (PSA Excellence System), which aims to harmonise all the management systems (quality, safety and environment). This amendment will lead to greater control of environmental impacts at the very source of their generation and through to the workstations, thereby strengthening the involvement of all operators.

The Environmental Management System

In automotive industry manufacturing plants, international standard ISO 14001 serves as a guideline for implementing environmental policies. All of the Group's automotive plants worldwide are ISO 14001 certified.

Within the Group, the purpose of ISO 14001 environmental certification for production and R&D facilities is to integrate sustainable development and environmentally responsible plans into Group operations. This approach involves the deployment of a system for preventing environmental impacts, incidents and damage and to effectively manage natural resource use and waste production. Moreover, certification guarantees the Group's environmental commitment to local authorities and the stakeholders.

The involvement and skills of all G.21

The key elements in successfully controlling the environmental impact at the sites are the competency and involvement of the individuals in the environmental sector.

Under ISO 14001, each employee, whether they are on permanent or fixed-term contracts, temporary or work experience contracts, receives environmental training appropriate to their position and function. This initiative also applies to external service providers working at the plants when the prevention plan is being established. These different environmental training programmes represented 6,930 hours in 2015.

ISO 14001 certification schedule for the manufacturing plants

Launched more than 15 years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today, the process is being deployed in R&D and spare parts facilities. ISO 14001 certification is part of the standards with which each new production site must comply.

SCHEDULE OF THE FIRST ISO 14001 CERTIFICATIONS OF MANUFACTURING SITES

1999	2000	2001	2002	2003	2004	2007	2010	2012	2014
Mulhouse	Poissy	Aulnay ⁽⁴⁾	Caen	Metz	Saint-Ouen	La Garenne	Belchamp	Jeppener	Kaluga
Sochaux	Vigo	Rennes	Charleville	Mangualde		Vesoul			
	Trémery	Porto Real	Sept-Fons			Trnava			
	Madrid	Hérimoncourt ⁽¹⁾	Valenciennes						
	Buenos Aires								
	Sevel Nord ⁽²⁾								
	Française de Mécanique ⁽³⁾								

(1) Plant included in PCA data as of 2005.

(2) Plant included in PCA data as of 2012.

(3) Plant included in PCA data as of 2014.

(4) Site shut down at end-2013.

Beyond this scope, the industrial automotive joint ventures are certified: TPCA with Toyota located in Kolin in the Czech Republic, DPCA with DONGFENG MOTOR CORP located in the Hubei province (Wuhan and Xiangyang) in China, Kaluga with Mitsubishi located in Russia, and Sevelsud with Fiat located in Val Di Sangro in Italy.

5.1.2.5 THE ENVIRONMENTAL APPROACH IN THE BRANDS' DEALERSHIP NETWORKS

The vehicles of the three brands PEUGEOT, CITROËN and DS are distributed both via points of sale owned by the Group itself and managed by Peugeot Citroën Retail (PCR) and by independent dealers.

Since 2008, the Group has been using an information system enabling the collection, monitoring and consolidation of environmental data from its whole proprietary network. A database of the Peugeot Citroën Retail (PCR) sites has been available since 2012 to assess the types of infrastructure of the points of sale and their condition. To monitor consumption, a remote meter reading system was implemented in 2013. It has been rolled out at 97 points of sale in France: this system ensures high responsiveness in the event of overconsumption. In the long term, it should also enable points of sale to implement corrective measures in order to contribute more effectively towards reducing energy consumption and greenhouse gas emissions (GHG).

In the medium term, once the network has been optimised, the goal is to equip each point of sale within the Group scope with a telemonitoring system.

Finally, keen to make continuous improvements to the service it offers its customers, the Group also involves its network of independent dealers in its sustainable development efforts. The environmental strategies in the dealership network are overseen by a network of representatives appointed for each brand subsidiary. Their task is to relay and deploy the environmental strategies defined by the two brands and follow the specific regulatory developments in each country.

The after-sales managers within the PCR France networks are required to develop their environmental skills as part of after-sales organisation programmes rolled out by the brands: Osmose for CITROËN and Odas for PEUGEOT. Experts are involved notably to raise awareness regarding waste storage and collection conditions, together with the rules for ensuring the cleanliness and maintenance of waste collection points.

The networks of the PEUGEOT and CITROËN France brands have initiated programmes to encourage waste sorting and enhance points of sale via Autoéco, called "Greenpact" (www.citroen-greenpact.com) for the CITROËN France network and "Ici, on trie Green Team" for the PEUGEOT network (see section 5.4.2).

These two programmes are intended to optimise the management of environmental aspects of point-of-sale activities:

- sorting of automotive waste which is then collected by approved bodies;
- compliance of plants with national and European regulations;
- traceability of waste and used parts for recycling.

The Services and Parts Department also drives this environmental approach among the Euro Repair Car Service independent automotive maintenance and repair network. The brand provides all its repairers with a waste collection and recycling service via agreements with accredited, specialised companies.

5.1.2.6 CAPITAL EXPENDITURE AND ENVIRONMENTAL EXPENDITURE

G4-DMA G4-EN31

Environmental expenditure is broken down into three components:

- the consideration of environmental incidents related to the future operation of new industrial methods as part of overall industrial capital expenditure: accordingly, in 2015, we can estimate that 2% of the amount of industrial capital expenditure corresponds to this consideration (e.g. implementation of nickel-free surface treatment at the Mulhouse plant);
- a specific annual capital expenditure plan, managed by the Industrial Environment Department, used to fund plant compliance measures relating to regulatory changes and the reduction of pollution and environmental risks. Despite a difficult economic context, this annual capital expenditure plan amounted to €2.5 million in Europe in 2015;
- a specific training plan that guarantees the implementation and development of employees' environmental skills (see section 5.1.2.4.).

5.2. ENERGY AND CARBON FOOTPRINT FROM MANUFACTURING

G.32 G4-DMA

Following the example of product strategy, which focuses on developing low-carbon vehicles, the Industrial Division's environmental policy is committed to supporting the Group's efforts to reduce its carbon footprint. In particular, this involves the implementation of the energy management approach to map the energy performance of all manufacturing plants to identify the areas in need of attention to fully overhaul their energy patterns, and the associated short-term capital expenditure to reduce energy consumption.

Another lever for reducing the carbon footprint is to take action to reduce the CO₂ emissions related to logistics. The actions will initially

involve quantifying the current situation and designing a long-term action plan to reduce these emissions by 2022.

Finally, the third lever identified is to increase the share of renewable energies used in the Group's industrial processes to further reduce its carbon footprint. Studies will be conducted to examine opportunities for action in this area, such as the wood furnace installed in 2012 in Vesoul to replace the old heavy fuel oil heating methods or the installation of photovoltaic panels in Sochaux with the help of our partners.

Greenhouse gas emissions assessments

G.31

Pursuant to Article L. 75 of the French Environmental Code, which resulted from the Grenelle environment laws, PCA and about ten of its subsidiaries (companies employing more than 500 people) performed a greenhouse gas emissions (GHG) assessment for their operations in France (six greenhouse gases of the Kyoto protocol), based on the year 2014.

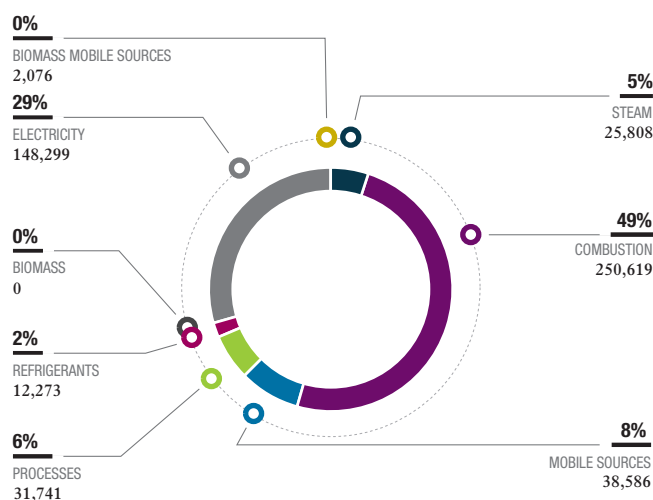
These checks have taken into account the following sources, under operational control of the respective companies:

Emissions category	No.	Emission items	Example of sources of emission
Direct GHG emissions	1	Direct emissions from fixed sources of combustion	Combustion of energy from fixed sources
	2	Direct emissions from mobile sources with heat engine	Combustion of fuel from mobile sources
	3	Direct emissions from processes excluding energy	Non-combustion related industrial processes, which could result from decarbonation, chemical reactions, etc.
	4	Direct fugitive emissions	Leakage of refrigerants, livestock, nitrogen fertilisation, treatment of organic waste, etc.
	5	Biomass emissions (land and forests)	Biomass from land activities, humid areas or the exploitation of forests
Indirect emissions related to energy	6	Indirect emissions related to electricity consumption	Production, transport and distribution of electricity
	7	Indirect emissions related to the consumption of steam, heat or cold	Production, transport and distribution of steam, heat and cold

Every company in question has established its check by applying the methodology established at the Group level, and has passed it on to the competent regional Prefect in December 2015.

A short summary result of the assessments of PCA and its French subsidiaries is given below:

t CO₂ eq.



This analysis of the direct and indirect CO₂ emissions of industrial activities is the second iteration, on a similar scope and based on an identical methodology. This enables representative comparisons. On the other hand, the GHG emissions of French sites represent two-thirds of PCA's industrial emissions. As such, the findings of this comparative study can also be extrapolated to all the Group's plants.

The main conclusions are as follows:

- the target of cutting 60,000 tonnes of CO₂ over the 2012-2014 period was met, since the comparison shows a reduction of 80,000 tonnes. This confirms that the action plan was successful;
- more than 80% of GHG emissions are due to gas, electricity and steam consumption (items 1, 6 and 7 of the GHG assessment). Accordingly, the main lever in reducing the greenhouse gas emissions of manufacturing plants is to control energy consumption.

These observations are listed in the action plans included in each GHG assessment, which cover the 2015-2017 period and for which the total expected gain is estimated at more than 40,000 tonnes of CO₂ equivalent. They comprise mainly the continuation of the energy management plan (e.g. reducing electricity or gas consumption), specific actions to reduce GHG emissions (e.g. use of refrigerants with a low global warming potential), and the compaction of plants.

5.2.1. Managing energy use G.29

5.2.1.1 DETAILS OF ENERGY CONSUMPTION

G4-EN3

Energy audits covering 65% of the energy expenditure were conducted at the European sites in compliance with the criteria set forth in regulations. The conclusions have not yet been finalised, but the manufacturing plants' consumption profiles and the applicable consumption control methods can be established based on the data acquired and on the findings of the aforementioned GHG assessments.

Reported energy consumption is expressed in MWh NCV (the most common unit of measurement). In terms of method, the energy values used are those recommended by the French order of 31 October 2012 as part of the application of European regulation No. 601/2012 on the monitoring and declaration of greenhouse gas emissions under Directive 2003/87/EC of the European Parliament and Council. The coefficients proposed by these two regulations are derived from the work of the IPCC (Intergovernmental Panel on Climate Change), as are those of the Greenhouse Gas (GHG) Protocol, used as a reference by the Global Reporting Initiative (GRI). As a result, values expressed in MWh can be converted to GJ simply by applying a multiplying factor of 3.6 (1 Wh = 3.6 kJ).

ENERGY CONSUMPTION

	Year	Combustible energy					Non-combustible energies			Total energy consumption
		Non-renewable				Renewable	Electricity	Of which renewable electricity	Steam	
		Heavy fuels	HHO	NG + LPG	Coke	Biomass (wood)				
Automotive division	2015	0	1,383	1,673,163	75,848	15,893	2,209,836	343,323	132,146	4,108,269
	2014	-	3,818	1,540,952	76,713	14,376	2,218,139	nd	143,707	3,997,705
	2013	-	4,789	1,926,517	85,797	16,070	2,239,859	nd	206,428	4,479,460
o/w PCA France	2015	0	1,019	1,126,917	75,848	15,893	1,623,546	238,033	132,146	2,975,368
	2014	-	3,606	994,651	76,713	14,376	1,615,187	nd	142,530	2,847,063
	2013	-	4,505	1,290,007	85,797	16,070	1,718,439	nd	204,351	3,319,169
Automotive trade	2015	436	8,886	111,783	0	0	115,095	16,741	3,954	240,154
	2014	565	12,128	120,576	-	-	123,274	nd	3,751	260,293
	2013	524	14,650	159,489	-	-	137,862	nd	5,756	318,281
TOTAL	2015	436	10,269	1,784,946	75,848	15,893	2,324,931	360,064	136,100	4,348,423
	2014	565	15,946	1,675,106	76,713	14,376	2,348,691	nd	147,458	4,278,854
	2013	524	19,439	2,106,213	85,797	16,070	2,385,926	nd	212,184	4,826,153

Heavy fuel oil = HSFO + LSFO + VLSFO.

HSFO = High-sulphur fuel oil.

LSFO = Low-sulphur fuel oil.

VLSFO = Very low-sulphur fuel oil.

HHO = Home heating oil.

NG = Natural Gas.

LPG = Liquefied Petroleum Gas.

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

Total energy consumption at the Automotive Division plants saw a slight increase in absolute terms of 2.7% for production that rose by nearly 4%. The consumption ratio per vehicle produced improved from 2.09 MWh in 2014 to 2.07 MWh. This change is positive, despite the increased reporting scope following the consolidation of Française de Mécanique in 2014. Due to the strong local implementation of the energy management approaches at the site, convergence towards the 2018 target has been maintained.

A detailed analysis of consumption from two main sources used in the manufacturing plants show that:

- in France exclusively, gas consumption increased: the slightly more severe winter in 2015 versus 2014 is the main reason for this increase;
- electricity usage declined (-8,300 MWh), confirming the relevance of energy saving plans applied to production equipment, and that of management measures implemented daily in the workshops.

The Sept-Fons casting factory is the sole factory to use coke as a fuel and its use provides the additional carbon required to produce the casting variants used for automotive parts cast at the site.

Lastly, the share of renewable energies, beyond the electricity generated by photovoltaic panels at the Sochaux site, amounted to 343,323 MWh, i.e. 15.4% of the electricity used.

Data from the PEUGEOT and CITROËN brands relate on average to 97% of plants in 2015 (88% in 2014, 97% in 2013) for direct energy consumption and 94% of plants in 2015 (93% in 2014, 95% in 2013) for indirect energy consumption.

The decrease in energy consumption by the Peugeot Citroën Retail dealership network is the result of a consumption monitoring policy implemented by the facilities of the dealership network to save energy.

5.2.1.2 CHANGES IN ENERGY CONSUMPTION AND ENERGY INTENSITY

G4-EN5

G4-EN6

The Group is currently carrying out in-depth reflection on its energy efficiency: a consumption management plan has made it possible for the performance of the biggest plants to be mapped, identifying areas for improvement to completely overhaul energy patterns, as well as the capital expenditure required over the short term to reduce consumption.

Plans are being implemented at each plant to rationalise production space, mainly by making plants more compact (retaining the same production capacity), thereby saving energy, particularly on heating and air conditioning of facilities.

Since 1990, work to modernise facilities, replace fuel oil (since 2012) and carbon with natural gas, the development of cogeneration and energy management strategies have helped to improve energy performance and reduce greenhouse gas emissions.

Today, the success of this energy consumption management policy, which has now reached maturity, is recognised. Accordingly, the Group has four plants certified in accordance with the requirements of the new ISO 50001 standard: Sochaux was the first French manufacturing plant, followed by Mulhouse and Trnava, and finally the Bessoncourt IT centre, which was certified in December 2014. This shows the increasing management of energy consumption by the Group's manufacturing plants and the Industrial Division's commitment to reducing its carbon footprint. This proactive certification strategy also made it possible to standardise our own energy management system, to confirm its compliance with the standard's requirements, and to obtain approval of its effectiveness.

This graph shows the energy consumption of the Automotive Division with and without casting. This presents Group data that can be compared with data from other manufacturers in the sector without casting operations.

Within the Automotive Division, vehicle production requires energy for a wide range of industrial procedures: casting, machining, paint curing, heat treatment, etc., but also for lighting and heating buildings.

Since 1995, energy consumption has changed dramatically, mostly due to:

- increased vehicle production;
- production of engines for other carmakers;
- increased use of water-based paints, which emit low levels of VOCs, but which require more energy for drying;
- the increased scope of consolidation.

In 2015, the Automotive division continued to reduce its energy consumption per vehicle produced, although the scope had increased (consolidation of Française de Mécanique, which affects CO₂ emissions without affecting vehicle production). These results are in keeping with the targets for 2018, and the trend confirms the effectiveness of the action plans implemented.

The Group is also continuing the cogeneration contracts at the Sochaux, Rennes and Mulhouse plants.

The geographic distribution of PCA's overall energy consumption in 2015 was as follows: 94% for the European Union and 6% for the rest of the world, reflecting the difficulties encountered by automotive markets in Russia and Latin America.

Reduction in energy consumption

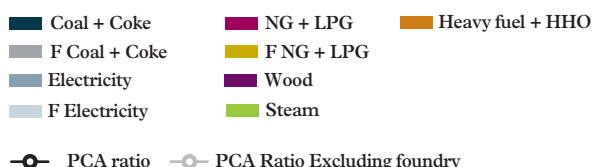
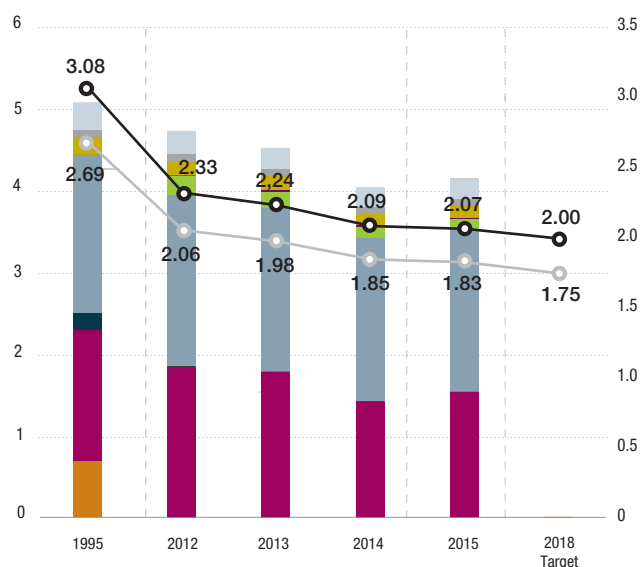
Within the automotive division

In 2015, several projects with an effect on energy consumption were implemented. These operations often used for reasons other than intrinsic energy saving have enabled the Group to benefit from the necessary adjustments to make manufacturing resources more energy efficient. These operations include:

- the implementation at the Madrid and Mangualde plants of so-called PPC (Process Peinture Compact – Compact Painting Process) processes, which remove the application of certain primers to reduce the curing facilities, thereby reducing energy consumption. As such, approximately 13,000 MWh was saved in 2015;
- the work of plants on LED lighting when replacing existing resources, of particular interest as LED lighting uses 60% less energy than standard neon lighting; accordingly, Vigo installed 70,000 LED lights instead of tubes;
- in Sochaux, the "short range" water-based paint process which means that primers do not need to be applied before the car is painted, has been fully rolled-out and is operational. Estimates of gas consumption savings have been confirmed (10,000 MWh ncv per year in natural gas);

Change in energy consumption

Automotive Division

Energy consumption
(in millions of MWh)Ratio
(in MWh per painted vehicle)

■ all plants are continuing their compaction plans, which make it possible to reduce the surface areas requiring heating and lighting. Within this framework, the transition to one production line at the Poissy plant made it possible to shut down painting production facilities by streamlining flows. Local measures aimed at recovering heat at the Mulhouse ovens and changing the iron casting development process at Sept-Fons contribute towards the reduction of energy consumption. Even less energy-intensive sites, such as Hérimoncourt, have implemented measures to reduce electricity consumption by stopping the pumping of river water in favour of drinking water, thereby reducing its water consumption.

In parallel with these projects to develop the manufacturing facilities, awareness-raising campaigns were carried out among employees. As such, in June 2015, the Saint-Ouen plant organised (for the sustainable development week) an exhibition that offered a colourful presentation of the challenges in terms of controlling energy, oil and water consumption, together with waste management. In particular, employees learned that their annual consumption of steam would heat 1,400 housing units of 80m², and that they could further save electrical energy equivalent to 41,000 litres of petrol. A map of the plant showed the areas where lights were too often left switched on, and the location of all the lighting buttons, in order to encourage employees to adopt the right behaviour. In addition, an ideas box was provided and an environmental quiz was offered, even including gifts.

In the brand dealership networks

As part of the same effort to ensure energy efficiency in the Group's buildings, the brand dealership network has started building a spare parts distribution centre in Niedersachsen, Saxony. This site of 20,000 sq.m. will meet the highest environmental standards: insulation, smart lighting, toilets with low water consumption, water heater supplemented with solar energy, and electric charging stations. The construction will be completed in April 2016.

For the Group's proprietary dealership networks, as mentioned previously, the Peugeot Citroën Retail (PCR) Masterplan implemented the remote meter reading system for electricity, gas and water meters. As such, consumption is measured automatically, hour by hour, directly on the meters located at the points of sale. The site director and accounts manager will automatically receive an alert by email should the system detect an anomaly, in order to identify the source (for example, highlighting invisible leaks or over-consumption due to incorrect use of the facilities).

The results of this approach must still be perfected. Although spare parts workshops have considerably improved their water and energy consumption, together with their emissions, only a slight improvement has been observed for the points of sale. This can be explained by the increase in sales and after-sales activities in 2015, the restructuring of certain plants, and the installation of additional washing stations. The Group is implementing corrective measures to regulate and reduce energy flow consumption by the plants.

Moreover, within the framework of European Directive No. 2012/27/EU related to energy efficiency, the Real Estate Division will coordinate an energy audit in 2016 to be carried out across more than 100 dealerships in France. An action plan will be developed to optimise energy consumption by 2020.



ECONOMIC INSIGHT

In 2015, savings on energy expenses were estimated at €11 million compared with expenditure of around €250 million, *i.e.* a reduction of around 4.4%.

These savings are broken down as follows:

- the Group invested more than €2.2 million in 2015 in operations mainly geared towards energy saving. The measures implemented make it possible to reduce expenses by approximately €2.5 million, which delivers a return on investment within hardly one year. These projects implemented locally aim to streamline the use of production facilities (ovens in Charleville, production on the cupola oven at Sept-Fons, boilers in Mulhouse), to make surface areas more compact (Metz, Française des Mécaniques), to optimise the management methods related to production facilities (air supply in cabins and paint ovens, heat exchanges, in Trnava, Mangualde and Mulhouse, etc.), and to roll out LED lighting in the workshops (Trnava, Vigo, Metz). All these local initiatives made it possible to reduce electricity consumption by 17,000 MWh and gas consumption by 14,500 MWh over the year;
- in addition, the central businesses made a valuable contribution with the implementation of short-range paint processes in Madrid, Mangualde and Sevel Nord, thereby reducing electricity consumption by approximately 3,000 MWh, and gas consumption by approximately 10,000 MWh, generating more than €600,000 in savings. These operations are not recognised as capital expenditure intended to reduce energy consumption, but they have nevertheless reduced energy use;
- management actions implemented daily, in particular regarding the decrease in residual consumption (during non-production at workshops), is estimated to contribute €2 million;
- lastly, improved efforts by several plants and stabilised production at other sites have generated savings of approximately €6 million on energy expenditure;
- the plans for controlling energy consumption generated a surplus in CO₂ quotas at the dealerships subject to this regulatory framework. As such, 650,000 quotas were transferred, generating an income of approximately €4.7 million.

In another area, which also contributes to controlling environmental impacts and reducing waste processing costs, the PSA Group opened a new facility of more than €2 million at its Sept-Fons plant in early November 2015, with a view to regenerating the sand used in the foundry. With 12,000 housings produced at the plant every week and 135,000 brake components, this new facility should make it possible to halve sand waste and, accordingly, the related processing costs.

These factors have a core effect on the production cost per vehicle and have an impact on the Group's overall economic performance: on a per-vehicle basis, savings are valued at €5, breaking down into €1.5 in improved production processes, and €3.5 for production factors.

5.2.2. Managing industrial greenhouse gas emissions

Aware of the environmental challenges linked to greenhouse gas emissions and knowing that industrial greenhouse gas emissions represent 2% of the carbon footprint of each vehicle over its life cycle, the Industrial Division has set itself specific targets for reducing its emissions beyond 2020, with intermediary targets in 2018, when the Group expects to reach 300 kg CO₂ eq. per vehicle. It should be noted that these targets were also established for a scope that does not include casting consumption so that the Group's results can be compared with those of other manufacturers that have no casting facilities.

5.2.2.1 GREENHOUSE GAS EMISSIONS



Note: Direct emissions are calculated based on the direct energy consumption by applying emission factors acknowledged by the greenhouse gas emissions trading system (EU ETS) in compliance with the Decree of 31 October 2012 or European Decision 2012/601 in the case of CO₂ and the circular of 15 April 2002 for all other gases. Changes in emission levels are thus directly related to changes in energy consumption.

(unit: t)	Year	CO ₂	N ₂ O	CH ₄	Direct GHG emissions in CO ₂ eq. (scope 1)	GHG emissions from renewable sources (CO ₂ eq.)*	Indirect GHG emissions in CO ₂ eq. (scope 2)	Total GHG emissions (scope 1 + scope 2)
Automotive Division	2015	374,740	15.3	25.87	380,025	5,263	185,312	565,338
	2014	343,212	13.9	22.1	347,813	4,859	181,884	529,696
	2013	425,764	17.4	27.7	431,526	5,430	289,319	720,845
<i>o/w PCA France</i>	<i>2015</i>	<i>262,265</i>	<i>10.4</i>	<i>18.1</i>	<i>265,862</i>	<i>5,263</i>	<i>73,131</i>	<i>338,994</i>
	2014	230,778	9.0	14.3	233,755	4,859	64,307	298,061
	2013	294,743	11.7	18.6	298,605	5,430	141,453	440,058
Automotive trade	2015	25,516	1.06	1.65	25,867	0	29,970	55,836
	2014	28,240	1.2	1.8	28,620	-	32,186	60,807
	2013	36,911	1.5	2.4	37,413	-	35,413	72,826
TOTAL	2015	400,256	16.4	27.52	405,892	5,263	215,282	621,174
	2014	374,242	15.2	24.1	379,264	4,859	214,228	593,492
	2013	466,829	19.1	30.4	473,152	5,430	325,126	798,278

* Greenhouse gas emissions from the combustion of biomass are not included in direct emissions in accordance with the GHG Protocol guidelines. Direct GHG emissions expressed in t eq. CO₂ are calculated by applying coefficients (global warming potential) of respectively 298 for N₂O and 21 for CH₄ (source: IPCC reports, 2006 and 1995 respectively). Indirect emissions are calculated from electricity and steam purchases in compliance with emission factors obtained from suppliers for steam, based on the previous year's electricity factors.

Within PCA, GHG emissions are increasing more sharply than production, which leads to a 6kg increase in the CO₂ equivalent ratio per vehicle produced, amounting to 283 kg. The main increase is due to the emissions from power plants, based on two factors: on the one hand, the increased production affects the processes' gas consumption (paint ovens, for example), and on the other hand, temperatures in the winter of 2015 were more severe than in 2014. This last observation can be illustrated by the weather indicator called the UDD (unified degree day). In 2015, the UDD in France increased by 12% compared with 2014.

Despite this negative impact, the result achieved is ahead of the Group's 2018 target of 300 kg. Thanks to the Group's strong industrial presence in France, it can benefit from low-carbon electricity that contributes to the low GHG emission ratio per vehicle produced.

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

Other indirect greenhouse gas emissions

G.31 G.32

Managing CO₂ emissions from logistics operations (scope 3)

When defining the Industrial Division's environmental policy, logistics operations were identified as having a core impact on the carbon footprint of the Group's manufacturing operations. Studies conducted to quantify the current impact of the logistics chain make it possible to build the "logistics carbon footprint 2018-2022" strategy, based on the supply chain master plan which sets out the main long-term objectives in terms of logistics.

The action taken in this area in 2015 focused in particular on later aspects of production, notably the transportation of waste. The Group has released capital expenditure, enabling it to produce less waste, now and in the future. This will decrease the logistics necessary to remove waste from the plants. The most important example is Sept-Fons, where capital expenditure in a second casting sands thermal-regeneration plant will decrease the quantities processed externally by 13,000 tonnes, representing around 400 truck loads and 110 t CO₂ eq. of emissions avoided.

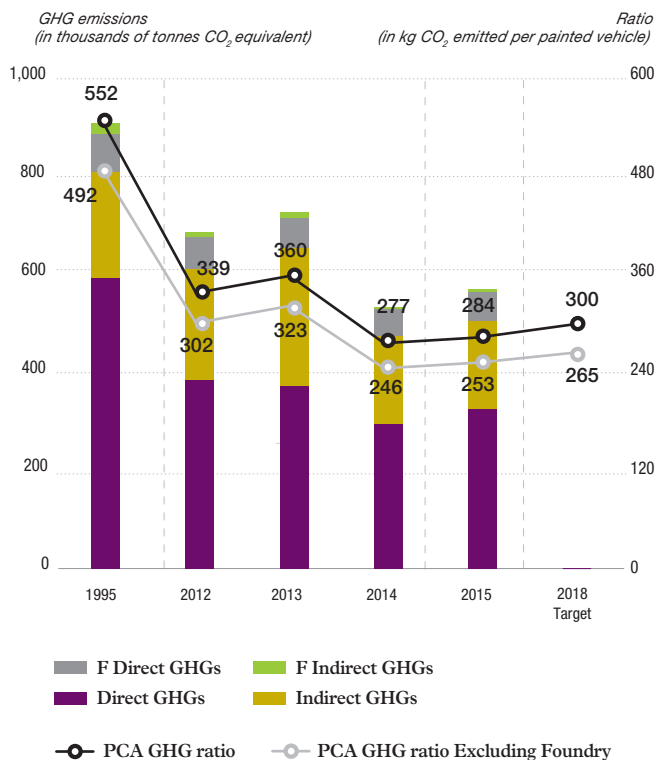
Restructuring employee travel (scope 3)

The Group has implemented a strategy to restructure employee travel: encourage remote meetings, increase carpooling, give priority to rail transport, and reduce emissions from the company car fleet. These are described in section 4.3.

5.2.2 CHANGES IN GREENHOUSE GAS EMISSIONS AND INTENSITY OF GREENHOUSE GAS EMISSIONS G.32 G4-EN18 G4-EN19

Changes in greenhouse gas emissions (GHG)

(Automotive Division)



Note: data for indirect emissions for 1995 were calculated using electric emissions factors proposed by the IEA for this same year.

This graph shows the energy consumption for PCA including and excluding foundry. This presents Group data that can be compared with data from other manufacturers in the sector without casting operations.

The graph demonstrates that a milestone was reached in 2014 and that the results obtained are currently being consolidated. The aforementioned actions show their efficiency over time, including the management actions. The next milestones may be reached with the continued implementation of compacting operations at plants, and the supply to certain sites of lower-carbon electricity in countries that favour the use of renewable electricity.

The geographic distribution of direct greenhouse gas emissions in 2015 is as follows: 89% for the European Union and 11% for the rest of the world, once again reflecting the difficulties encountered by automotive markets in South America and Russia.

5.2.3. Participation in the CO₂ emissions allowance scheme G.20 G.31

The Group is part of the scope of application of the CO₂ allowance trading scheme implemented by European Directive No. 2003/87/EC amended for combustion operations (heating and processes) of its largest plants and for one of its castings. As regards the third phase of the CO₂ emission allowance scheme scheduled from 2013 to 2020, ten plants are involved (Sochaux, Mulhouse, Rennes, Poissy, Vesoul, Vélizy, Sevel Nord and Sept-Fons in France and Vigo in Spain).

During the first three years of Phase 3, the scorecard showing quotas for and emissions from the above-mentioned ten sites was as follows:

Year	Free allocations (quotas)	Emissions* (tonnes of CO ₂)
2013	324,741	308,395
2014	292,449	250,174
2015	359,802	257,558

* Sum of verified PSA emissions and theoretical emissions related to purchased steam, for which we receive allowances.

From 1 January 2015, pursuant to an EU decision, the automotive industry has been included in the list of sectors exposed to a carbon leakage risk, which includes a revised allocation of free quotas.

5.2.4. Use of renewable energy G.29 G.31

The share of renewable energies used by the Group, beyond the electricity generated by photovoltaic panels at the Sochaux site, amounted to 343,323 MWh for manufacturing operations, *i.e.* 15.4% of the electricity used. These data are included in the table in section 5.2.1.1 as of 2015. They were communicated to the Group by its energy suppliers at each site. As it is tricky to reconstruct the history on the same basis, the years 2013 and 2014 are not included.

The share of renewable energy use is similar for the dealerships.

Within this context, the use of the wood furnace in Vesoul since 2012 confirms this contribution. In 2015, 15,893 MWh were thus produced from wood waste generated at the plant. This helped to achieve a dual objective: reducing the quantities of waste transported and eliminated externally, and reducing CO₂ emissions (5,263 tonnes of CO₂ from fossil fuel).

5.3. INDUSTRIAL DISCHARGES AND POLLUTANTS: MANAGING IMPACTS ON THE ENVIRONMENT AND LOCAL RESIDENTS G4-DMA

The third aspect identified in the Industrial Division's environment policy is to manage the impacts of industrial facilities on the environment. This aspect reflects a will to manage the impacts of using chemical products in the Group's operations, mainly

components, stamping and painting. The main impacts being targeted are air pollution by atmospheric pollutant emissions such as VOCs and substances harmful to the ozone layer, prevention of soil pollution, biodiversity and accidental discharges.

5.3.1. Air quality G.24

The Group is working to limit sulphur oxide and nitrogen oxide emissions into the air as well as volatile organic compounds, which are regulated, because these pollutants are involved in acidification processes (formation of acid rain), eutrophication (disruption of the biological balance due to excess nitrogen) and photochemical pollution (formation of oxidising compounds, such as ozone).

5.3.1.1 EMISSIONS OF REGULATED ATMOSPHERIC POLLUTANTS G4-EN21

VOC (Volatile Organic Compound) emissions

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

Within PCA, although overall VOC emissions from the Group's body structure paint workshops are marginal compared with total French VOC emissions into the atmosphere (less than 1% of anthropogenic emissions in France, i.e. 689 kt; source CITEPA: [Inventory of atmospheric pollutants and Greenhouse Gas \(GHG\) emissions in France 2014](#)), they are still the main environmental issue as regards emissions on a plant by plant basis.

VOC EMISSIONS OF BODY STRUCTURE PAINT WORKSHOP FACILITIES BY OPERATION

<i>(unit: t)</i>	Year	VOCs <i>(tonnes)</i>	Ratio <i>(in kg vehicle produced)</i>
Automotive Division	2015	5,354	2.69
	2014	5,393	2.82
	2013	5,838	2.94
<i>o/w PCA France</i>	2015	1,610	1.77
	2014	1,707	1.93
	2013	1,953	2.31
Automotive trade	2015	na	na
TOTAL	2015	5,354	2.69
	2014	5,399	-
	2013	5,846	-

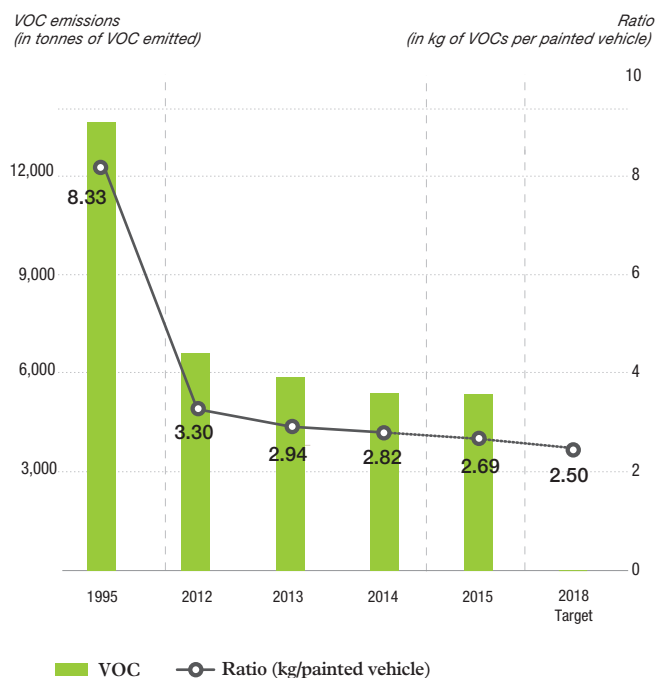
VOCs: volatile organic compounds.

N/A: Not applicable.

VOC emissions from PCA's paint workshop facilities are determined using a material assessment method that complies with the principles of European Directive No. 2010/75/EU on industrial emissions.

Change in VOC emissions of body structure paint shop facilities

(PCA scope)



This action plan, which involves using the best available technology (BAT), has enabled the Group not only to reduce its VOC emissions per vehicle in its paint shop facilities by 65% since 1995, but also for each plant to stay within the limits set out in the VOCs (Volatile Organic Compounds) chapter of Directive 2010/75/EU on industrial emissions, which came into force in 2010.

Continued systematic implementation of the best available technologies at cost-effective prices has enabled the Group to steadily improve its performance. VOC emissions per vehicle produced have been below 3 kg since 2013, with 2.69 kg of VOC emissions per vehicle produced in 2015.

In 2015, the Sochaux plant completed the conversion of its three paint lines for use with water-based paints only. In addition, the "short range" technology rolled out in Sochaux no longer uses a coat of primer, and enables lacquer to be applied directly. The combination of these two major developments makes it possible to reduce VOC emissions and energy use compared with the previous process.

However, this in-depth change required three years of work and was only feasible due to the plant having parallel facilities, thereby allowing the change of one of the four production lines without excessively disrupting production on the other three lines. This transformation changes the PCA France ratio, which followed the roll-out of the new lines of Sochaux.

Moreover, the implementation of short ranges (Madrid, Mungalde) also contributes to the reduction of VOC emissions.

However, the popularity of two-tone vehicles (painted in two different colours) among customers generates marginal increases in VOC emissions at the sites in question.

This VOC emissions management strategy (investment in resources, use of low VOC products, etc.) also applies to component plants which use surface treatments.

The geographic distribution of VOC emissions in 2015 is as follows: 91% for the European Union and 9% for the rest of the world.

The policy to reduce these compounds is built around the following four areas:

- optimising paint shops by reducing consumption of paints (and thus solvents) by using processes with higher application efficiency, by selecting low-solvent paints and by recycling used solvents;
- implementing low-emission technologies in the new paint shops;
- installing air treatment equipment that incinerates VOCs on site when necessary;
- encouraging the sharing of experience and best practices among Group plants.

SO₂ and NO₂ emissions

The discontinued use of heavy fuel oil at the plants in 2012, and its replacement by gas, brought SO₂ emissions at plants down to below five tonnes per year.

NO₂ emissions are controlled through the modernisation of the fleet of combustion facilities and the introduction of low-NO_x burners. The major plans to renovate these boilers have arrived at completion and are yielding the expected results. Emissions are now below 400 tonnes per year.

INDUSTRIAL ECOLOGY WITHIN THE GROUP'S MANUFACTURING PLANTS

5.3. Industrial discharges and pollutants: managing impacts on the environment and local residents

DIRECT SO₂ AND NO₂ EMISSIONS PER BUSINESS, IN TONNES

Entities	Year	SO ₂	NO ₂
Automotive Division	2015	4.42	373.3
	2014	4.9	344.7
	2013	6.1	429.5
<i>o/w PCA France</i>	<i>2015</i>	<i>3.18</i>	<i>255.2</i>
	2014	3.7	226.6
	2013	4.7	291.8
Automotive trade	2015	4.1	27.6
	2014	5.4	30.8
	2013	6.3	40.0
TOTAL	2015	8.5	400.9
	2014	10.4	378.4
	2013	12.5	473.9

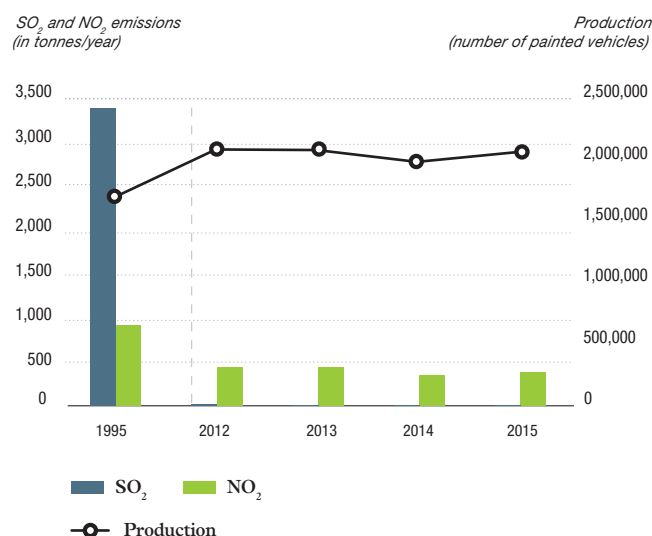
SO₂ = Sulphur dioxide – NO₂ = Nitrogen dioxide.

Note: Direct SO₂/NO₂ emissions are calculated based on primary energy consumption according to applicable regulations.

Data from PEUGEOT and CITROËN brands were reported from the same percentage of sites as those reporting direct energy consumption.

Change in direct SO₂ and NO₂ emissions

(Automotive Division)



All of this progress helps to improve air quality at the plants.

The geographic distribution of SO₂ in 2015 was: 94.5% for the European Union and 5.5% for the rest of the world.

The geographic distribution of NO₂ in 2015 was: 93.7% for the European Union and 6.3% for the rest of the world.

5.3.1.2 USE AND EMISSIONS OF REFRIGERANTS G4-EN20

Limiting emissions of gases which damage the ozone layer is included in the Environmental Management System of the plants.

Usage of trichloroethane and halon was stopped between 1999 and 2003, although CFCs and HCFCs are still used in some "cold units" (which are used to cool production equipment, such as cutting liquids for machine tools), electrics control boxes, or premises.

Systems containing liquids harmful to the ozone layer are checked for leakages every year and, when leakages are detected, corrective action is taken. Resupply of facilities with CFCs has been prohibited since 2001 and resupply of HCFC facilities with recycled fluid was authorised until 31 December 2014.

The Group has implemented a plan to replace HCFC cooling systems with HFC-type fluids by 2018, at a cost of several million euros. HFC-type fluids are not substances harmful to the ozone layer according to the Montreal protocol.

As for refrigerants used in vehicle air-conditioning systems, the gradual transition to HFO-type gases is underway and will be finalised in 2016.

In 2015, refrigerant leakages in the Group's French assembly plants represented a total of 14 tonnes, of which 94% are from HFC leakages in facilities used for the first filling of vehicle air-conditioning systems. Incidents at a few plants (Mulhouse, Poissy and Trnava) are responsible for these leaks. Corrective actions have been implemented and normal operation has been restored.

5.3.2. Preventing chemical risks G.20

5.3.2.1 CHEMICAL RISKS RELATED TO MANUFACTURING

The Group strives to rigorously manage the use of chemical products defined as hazardous, at all of its plants.

Therefore, when a new chemical product is introduced at a plant, it is analysed by a network of experts, who check the nature and acceptability of the health and environmental impacts and define the main risk prevention requirements to be implemented. All products authorised in this manner, together with their safety data sheets, are managed and made available to all via a single application called CHEMA (Chemical Health and Environment Management Application).

In addition to these introduction conditions, building techniques (building workshops over retention basins and using overhead pipe systems to carry polluting liquids) considerably limit the risk of core accidents. 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 Production System. Compliance with environmental procedures is also confirmed by ISO 14001 audits. Lastly, each site regularly analyses the amount of chemical products in stock and is careful to limit the volumes available on-site to the bare minimum. This is why the PSA has no facilities classified under Directive 2012/18 (referred to as the Seveso II Directive).

Naturally, all of the Group's industrial projects also undergo impact and safety studies to determine the suitable prevention (and if applicable, response) measures.

Significant changes in European and national legislation on these matters (particularly as a result of the REACH and CLP, and the Seveso III Directive) have resulted in the Group reinforcing its leadership and management tools to maintain a high level of chemical risk prevention. Also, under the new EU regulatory framework for the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), which came into effect on 1 June 2007, the Group is certified as:

- "producer of articles", and as such has taken the necessary steps to respond to customer queries concerning the possible presence of "substances of concern" in its products;
- "downstream producer" and as such, in partnership with other European carmakers (grouped under the ACEA – European Automobile Manufacturers' Association), has implemented an initiative with the Group's suppliers. It aims to ensure they are properly taken into account by these regulations both to ensure delivery continuity of the substances and mixes necessary for automotive production and to supply the information necessary for them to be used in accordance with regulations.

5.3.2.2 SOIL CONTAMINATION G.24 G.30

The Group is continuing a strict policy to prevent soil contamination at operational sites, notably:

- by using retention basins for stocks of liquid products;
- and by avoiding the use of underground pipelines to transport polluting liquids wherever possible.

Moreover, the Group strives to find out about former contamination which may be present in the ground at the plants.

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 investigations, experts have concluded that some sites surveyed fell into the category which requires self-surveillance. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programmes. Other soil testing also takes place in the event of sales or purchases of manufacturing or commercial premises, but also in the event of disinvestment from some premises. Investigations are currently underway at the Aulnay site to identify any environmental impacts caused by its operations.

Dealership networks

The Group's Real Estate Department is carrying out extensive soil and diagnostic studies on the installations identified as potentially polluting. In 2015, special attention was given to all points of sale equipped with underground works. The aim was to ensure the perfect maintenance of the installations at Group level.

In case of proven pollution, the Group implements an action plan to treat this pollution, in compliance with regulatory constraints, for making the site compatible with the intended use after it has been sold or transferred.

In France, as part of the Odas and Osmose programmes, awareness is raised among dealers to encourage their customers to have more consideration for their environmental impact, in particular when washing their vehicle at home.

Furthermore, at Group level, a range of "Technature" cleaning products is offered to customers in order that they may opt for more eco-friendly solutions (all products within the range contain at least 80% components from natural resources, are biodegradable and not hazardous to aquatic organisms).

5.3.2.3 REDUCING OTHER DISTURBANCES CAUSED FOR LOCAL RESIDENTS G.26

The measures to be taken to ensure the local population's tranquillity are assessed and adopted during impact studies or additional impact studies whose content is defined by regulations. These studies assess the sensitivity of residential areas in the immediate proximity to the plants, according to diverse criteria such as sound levels, unpleasant odours, traffic, etc. They are carried out under new facilities or renewed at each significant stage of development of a site (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

As a result, about ten impact studies are conducted annually on the Group's sites.

Forums for dialogue established at the sites enable local residents to share their concerns in the event of any disturbances. The complaints are taken into account and characterised to define and implement the appropriate solutions. Accordingly, in Poissy, the unpleasant odours criticised by residents living near the plant led to revisions to the management methods applied to the paint wastewater treatment facility causing the disturbance.

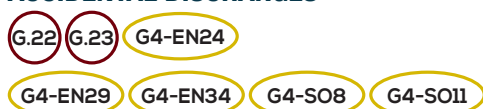
These include:

- the discharge of a mixture of petrol and glycol from an engine test bench. The liquid was confined in the retention before being pumped and drained for treatment;
- the discharge of dust particles from casting operations into the canal running alongside the Sept-Fons casting factory. The installation of a containment boom made it possible to recover the particles and reintroduce them into the treatment system. The water analyses carried out subsequently revealed no changes to the quality of the water;
- the rupture of a tank of 10m³ containing a mixture of solvents and 98% water. The retention basin underneath the tank was able to contain the entire mixture, before it was pumped and drained. This incident did not affect the environment in any way;
- the four incidents listed concerned the leakage of refrigerants.

Penalties paid for environmental damage pursuant to a judicial decision

The Group did not have to pay any such compensation in 2015.

5.3.2.4 ACCIDENTAL DISCHARGES



Any accident with a noted environmental impact which has been notified to the authorities as such is considered as significant.

In 2015, seven incidents were reported to the local authorities.

Provisions and guarantees for environmental risks

G.23

In accordance with Decree 2012-633 of 3 May 2012, since July 2014, the Group has set aside €1 million in financing guarantees in order to secure certain installations classified for environmental protection, some of which are French installations. By 2019, the Group will have set aside finance guarantees of around €5 million.

5.4. WASTE AND MATERIALS CYCLE G4-DMA

Eager to apply the concepts of responsible development advocated by the Group's policy and to stay in line with a product strategy that promotes better recovery and recyclability for its vehicles, the Group's industrial sites are committed to developing a circular economy wherever they are located. This concern is expressed in the desire to avoid any wasting of natural resources and to use only the quantity of raw materials necessary. Moreover, this strategy also

extends into waste management, through the achievement of zero landfill waste and the encouraging the use of recovery and recycling channels. Some sites are also studying potential local opportunities to exchange resources and waste as part of industrial ecology experiments. As such, the Group takes part in an inter-company working group, LAEI (industrial ecology working group), to carry out local testing in areas where its members are active.

5.4.1. Use of materials G.28 G4-DMA

Supplier relations are a favoured and strategic vehicle for the Group's "materials" and product development policy in the context of the increasing scarcity and expense of raw materials in the long term.

A support unit from the Purchasing Department performs cost monitoring on materials, in liaison with operational purchasing teams and technical teams from the Group's Research and Development Department, to better anticipate and manage cost developments and help diversify and manage the most strategic supplies.

The Purchasing Department and the Research and Development Department work on mapping materials risks, including different factors for each raw material, such as its importance in developing technologies for the vehicles of the future, the size of known or estimated reserves and their geographic location, political or logistical accessibility, cost, and its place on the markets. This mapping is designed to enable the Group to manage and secure its supply over the long term and focus its R&D work on replacement materials. This strategy was initially implemented for raw materials and is now being rolled out to synthetic raw materials. This policy to search for new materials is being implemented in conjunction with the Group's commitment to using more renewable, recycled or biosource materials in its vehicles.

This approach to analysing strategic material requirements is shared with other French manufacturers within a national think tank led by the French Ministry of Industry, so that analysis tools adapted to this methodology can be rolled out in small and medium-sized companies.

5.4.1.1 USE OF RAW AND RECYCLED MATERIALS

G4-EN1
G4-EN2

The Group's 2015 raw materials use was as follows:

- 2,090,000 tonnes of steel (compared with 2,195,000 tonnes in 2014) including 715,000 tonnes directly (compared with 770,000 tonnes in 2014);
- 290,000 tonnes of non-ferrous metals (vs. 275,000 tonnes in 2014) of which 57,000 tonnes of aluminium directly (vs. 63,000 tonnes in 2014);
- 450,000 tonnes of synthetic materials, polymers and elastomers (compared with 460,000 tonnes in 2014).

The works on the reduction of vehicle mass entailed an overall decrease in material masses, specifically steel in the production of the Group's vehicles.

Focus on paper use

Paper is managed and quantified at all levels within the Group, in manufacturing plants, office facilities and commercial subsidiaries. Paper is used on-site for office applications or print-outs (brochures, sales leaflets, annual publications, etc.) produced by external printers.

Office paper use is optimised through awareness-raising campaigns and the implementation of a system of printer-sharing at most French sites. A large percentage of the used paper is sorted and collected, usually by private suppliers who then process it through recycling channels.

The Group is attentive to the origin of the paper used in print-outs, and favours paper from sustainably managed forests (PEFC or FSC labels). In addition, PSA is a founding member of EcoFolio. It declares the tonnages of print-outs concerned every year and pays an eco-contribution to pay for the collection, recycling and recovery of the paper by local authorities. In this context, with the development and digitalisation of certain materials, it should be noted that the Industrial Department did not reach the Eco Folio threshold (five tonnes) in 2015.

5.4.2. Reducing waste production

WITHIN THE AUTOMOTIVE DIVISION

The Group's waste management policy is to reduce waste mass per vehicle manufactured, and decrease landfill in favour of waste recovery and recycling.

With a view to creating circular economy strategies, the Industrial Department has set a "zero landfill" target for assembly plants in Europe, which will then be extended to component and casting plants.

To meet these targets, design efforts are initially needed to optimise the packaging necessary to build a vehicle to avoid producing waste. Secondly, when waste production is unavoidable, the most environmentally-friendly method of recycling or recovery should be identified and implemented, so that a portion of the Group's waste is incorporated into the circular economy, where it is reused.

In addition to metal waste (sheet metal, turnings, etc.), almost all of which is recovered and is naturally reused in the steel industry or the Group's castings, the results obtained since 1995 confirm the successful implementation of this policy:

- the weight of waste per vehicle produced has been reduced by 45%;
- the analysis and characterisation of waste produced during the different stages of production (casting, foundry work, components, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfilling. The gradual addition of new processing methods, depending on local supply, helps to regularly increase the waste recovery rate.

IN DEALERSHIP NETWORKS

In Europe, the Group implements framework contracts with service providers specialised in the management of hazardous and non-hazardous waste, such as Veolia and Chimirec. This approach helps to optimise the monitoring of waste and to ensure its traceability within the processing channels. It is one of the performance targets for personnel in charge of economic management in the Peugeot Citroën Retail (PCR) Division.

In France, the Group brands have taken steps to sort and recover waste via AutoEco in order to encourage their sales outlets to adopt initiatives in favour of improved waste management. The CITROËN France network recycles 13,000 tonnes of waste yearly as part of its "Greenpact" initiative. Thus far, 30 types of automobile waste have been identified as recyclable. Meanwhile, PEUGEOT has unrolled its "Ici, on trie Green Team" programme in keeping with the "Relais Vert Auto" programme implemented in the 1990s by the brand.

Furthermore, as part of the implementation of after-sales programmes (Osmose for CITROËN and Odas for PEUGEOT), the experts working on-site have incorporated environmental protection into their coaching, particularly storage conditions and waste recovery.

The Autoecoclean label

Many sales outlets in the PCR France network have Autoecoclean certification, a quality label awarded annually to members complying with environmental criteria. Members are classed in accordance with the quality of the data provided and the longevity of their commitment to collecting and sorting waste.

CITROËN was the first car manufacturer to offer, in 2009, a label for its repairers most committed to sorting and recycling. The "Autoecoclean" label is awarded by the independent body AutoEco, which ensures the traceability of waste collected in CITROËN workshops. The Autoecoclean label is a long-term commitment for points of sale. It is awarded every year to those who adhere to their commitments regarding the sorting, collection and recycling of at least five types of hazardous waste and three types of non-hazardous waste. Three certification levels:

- in the first year of certification (based on the collection results from the previous year), the point of sale is awarded the Autoecoclean Bronze label;
- after three years of consecutive certification, the label becomes Autoecoclean Silver;
- after two additional years, points of sale which still meet their commitments receive the Autoecoclean Gold label.

In 2015, 340 Citroën Retail sales outlets were certified with 169 receiving Bronze status (for 1 year), 66 receiving Silver status (for 4 years), and 105 receiving Gold status (for 6 years). The Peugeot Retail network has 401 certified sales outlets (176 Autoclean Bronze and 225 Autoclean Silver).

AutoEco joins forces with the Auto Infos magazine every year to organise the *Trophées de l'Environnement* awards in order to reward the finest sales outlets. In September 2015, 33 sales outlets in the PEUGEOT France network and five in the CITROËN France network were invited. CITROËN was awarded the "Coup de cœur" prize for its environmental strategy, which has been implemented since 2009 through the Green Pact initiative (waste optimisation in all sales outlets).

This environmental strategy also involves the independent, multi-brand automobile repair and maintenance network Euro Repair Car Service. It is run by the Services and Parts Department. The network provides a waste collection and recycling service to all repairers via agreements with accredited, specialised companies.

In its first year of existence, the Euro Repair Car Service network was recognised by Autoeco for its commitment to the sorting and collecting of waste. Three "Autoecoclean" bronze certificates were awarded in October 2015 at the multi-brand network stand at the Equip Auto Fair. Seven other garages were also recognised. Finally, a prize was awarded to the manager of the Euro Repair Car Service France network for its overall commitment.

5.4.3. Total waste by type and destination

G.24 G.25 G4-EN23

5.4.3.1 TOTAL AMOUNT OF WASTE AND BREAKDOWN BY BUSINESS LINE

In 2015, Group sites produced 697,868 tonnes of waste.

Waste metal (not shown in the graphs and tables below) makes up the largest part of this volume at 461,493 tonnes. Often no longer classified as waste, these by-products are recycled in the Group castings or in the steel industry.

Casting sand is mostly regenerated on-site in purpose-built facilities (85,737 tonnes of sand). After this treatment, the sand is reused in the manufacturing processes.

7,235 tonnes of construction/demolition waste are also recognised, even if this volume is not involved in the automotive production process, but the result of site compaction operations.

Furthermore, in 2015, the Group's castings recycled 43,573 tonnes of waste metal purchased externally.

TOTAL AMOUNT OF WASTE AND BREAKDOWN BY BUSINESS LINE

(Automotive Division, 2015)

(unit: t)	Year	Landfill	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	2015	3,325	47,272	32	50,629	85,737
	2014	3,316	45,550	44	48,909	80,578
	2013	4,251	46,892	27	51,170	92,976
Non-hazardous waste	2015	4,582	59,792	2,777	67,151	980
	2014	6,636	58,786	1,745	67,168	4,017
	2013	10,868	73,214	1,891	85,973	5,401
Hazardous waste	2015	497	18,092	14,267	32,857	0
	2014	760	18,473	15,138	34,371	0
	2013	1,293	16,568	18,794	36,655	0
TOTAL	2015	8,404	125,156	17,076	150,637	86,717
	2014	10,712	122,809	16,927	150,448	84,595
	2013	16,412	136,673	20,713	173,798	98,376

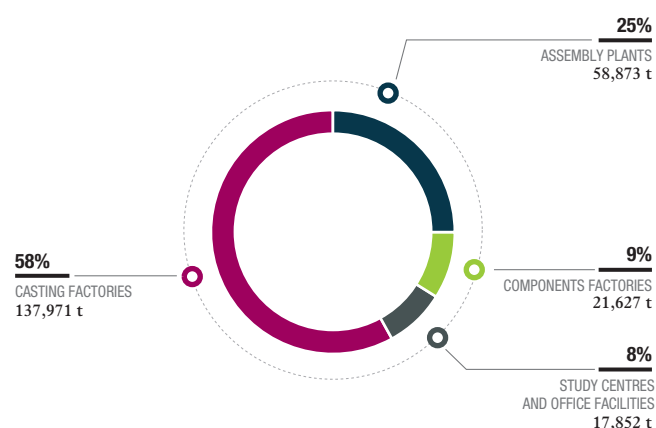
The table above does not include the metallic waste (461,493 tonnes in 2015), almost all of which was recycled.

The amount of internal recycled waste increased slightly (+2.5%) as a result of waste recycled in castings (see below). Other waste recycled on-site corresponds to wood packaging, reused or ground in Vesoul to feed the wood furnace.

The volume of hazardous waste decreased by 4.5% overall. The most significant decrease concerns the landfilling channel (almost 35%), confirming the Group's desire to use waste recovery channels.

Breakdown of waste production by business

(Automotive Division, excluding waste metal, 2015)



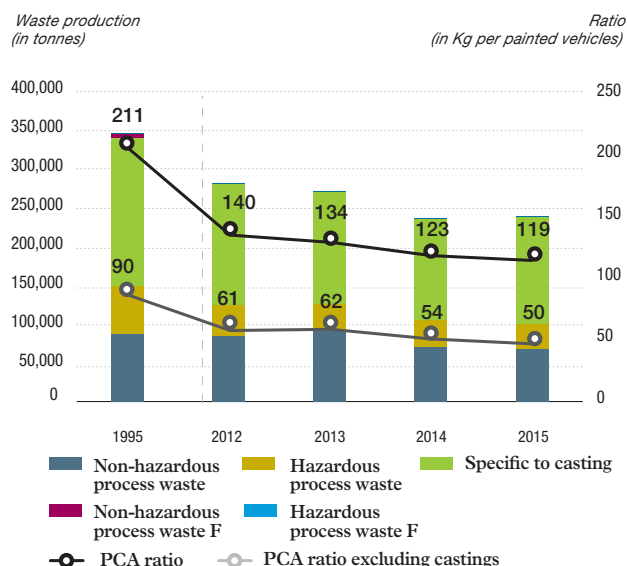
Due to their operations, the two castings at Charleville and Sept-Fons alone generate over half of overall waste by quantity, representing 68 kg of waste per vehicle. The core part of this waste is made up of casting sand, which is mostly recycled on-site, after regeneration treatment, which also takes place on-site.

In 2015, the Sept-Fons plant commissioned a new facility for the treatment of casting sand through attrition. PSA has filed patents for this new manufacturing process, which has received investment of more than €2 million: the sand is separated then, once cleaned, reintegrated into the core making process; binders are reintroduced into the process as a replacement for new binders and, finally, metal particles are compacted and reintroduced into the cupola. Over the whole year, this process should result in site waste reduction of around 13,000 tonnes.

5.4.3.2 CHANGES IN THE AMOUNT OF WASTE BY TYPE

Changes in the amount of waste by type

(Automotive Division excluding waste metal, almost all of which is recycled, for 2015)



The change in the amount of waste generated is essentially due to the change in operations of the Group's castings. The waste generated per painted vehicle was 120 kg in 2015. The weight of waste per vehicle produced has fallen by 45% since 1995.

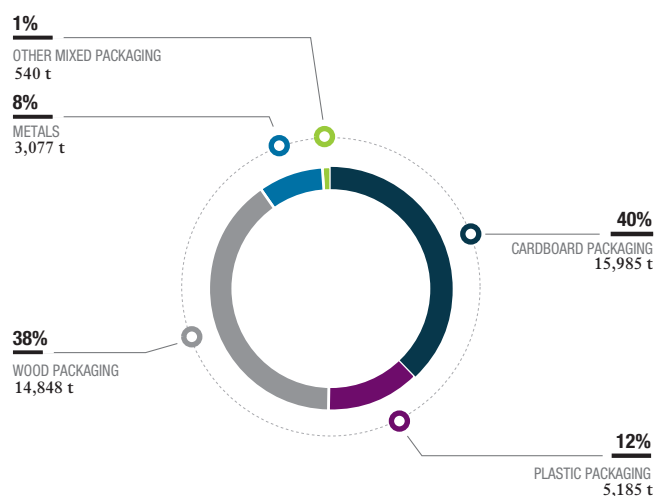
The geographic distribution of total waste in 2015 is as follows: 89% for the European Union and 11% for the rest of the world.

In 2015, the waste generated per vehicle was 50 kg, excluding waste from castings.

The waste production figures are based on the European waste and disposal method categorisations.

Focus on packaging waste

(Automotive Division, 2015)



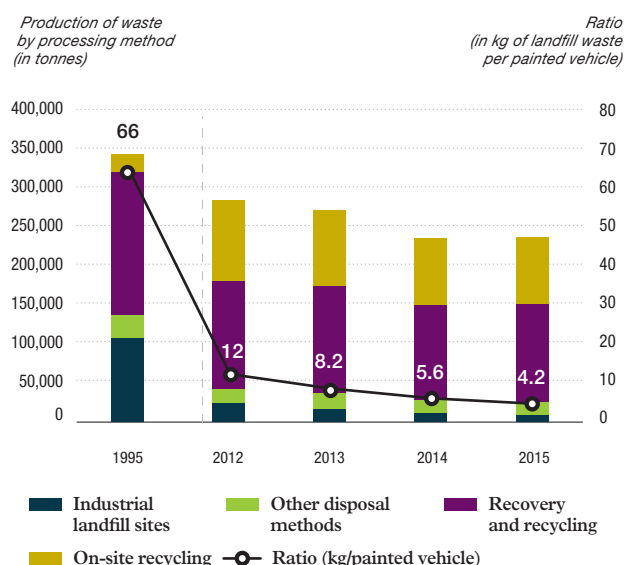
Packaging waste accounts for a significant proportion of the waste produced on the various sites. It represented 39,635 tonnes in 2015 (compared with 41,310 in 2014). This decrease already observed the previous year is largely linked to the reduction in activity of plants outside Europe, which generate almost half of Group packaging waste (17,800 tonnes in 2015). 3% of waste (1,188 tonnes) is classed as hazardous waste (metal barrels soiled by the products within). The waste is burned, which eliminates the residual traces of products while maintaining the shape and the option to reuse the barrels for the same purposes as before.

The other waste is non-hazardous waste. Landfilling accounts for less than 1% of treatment channels, representing a very sharp decrease compared with 2014. This is still the case for the Kaluga site, which is continuing its actions to phase out this method of elimination (at least for packaging waste), with significant progress made in this area. More than 85% of packaging waste follows a material recovery process, which allows the collected material to be reused. 8% is taken for energy recovery, either on-site (Vesoul), or by external players. The remaining waste (around 5%), unsoiled metal containers, are classed as other metals.

5.4.3.3 CHANGES IN THE AMOUNT OF WASTE BY DISPOSAL METHOD

Changes in the amount of waste by disposal method

(Automotive Division, excluding waste metal, almost all of which is recycled)



Actions undertaken for several years to optimise waste treatment channels continue. Waste sent to landfill has been reduced to one-fifteenth of the level sent 20 years ago, and between 2014 and 2015, the volume was reduced by 2,000 tonnes. Kaluga is at the leading edge of this progress, reducing its landfill by 90%. The target for 2018 is zero landfill for all European assembly plants. Poissy, Sochaux, Mulhouse and Trnava have already reached the target. For the other sites, the identification of alternative economically and environmentally acceptable channels continues. In terms of progress, it is also worth noting that the Valenciennes and Hérimoncourt components factories have zero landfill.

Office facilities and research sites in the Paris region have not contributed to landfill since 2012.

Excluding metal waste, 83% of waste is recovered as either material or energy, through recycling or ballast. Accounting for half of the 17,000 tonnes of waste processed in other treatment channels, liquid effluents (paint effluents, washing machine water, cutting liquids from components factories, etc.) undergo physico-chemical and/or biological treatment depending on the nature of the liquids. Components factories work to reduce the amounts of cutting liquids eliminated in these channels either by developing the use of treatment methods such as evapoconcentration systems, which help separate the cutting liquid and water phases, or by drying the turnings and recycling the cutting liquid thus collected. However, this work requires development and validation phases before bearing fruit. The inclusion of Française de Mécanique in this field in 2014 conceals the overall progress made.

Another quarter is made up of sludge (from paint or treatment plants), the dryness of which prevents the possibility of energy recovery. Trnava has worked to reduce the water content of this paint sludge through a drying system using recycled heat from paint workshops. The energy recovery threshold for sludge was not reached, but the amount of discharged sludge has been halved. The final quarter of waste treated through different channels comprises waste similar to household waste, which is incinerated as for individuals.

All of this work has contributed to achieving the target of 95% of waste treated via channels other than landfill.

If metal waste is included in the calculations, landfill accounts for just 1.37% of the total amount.

5.4.3.4 AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD

AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD

(PCA France scope)

(unit: t)	Year	Landfill disposal	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	2015	3,325	47,272	32	50,629	85,737
	2014	3,316	45,550	41	48,907	80,211
	2013	4,251	46,892	27	51,170	92,976
Non-hazardous waste	2015	1,432	34,921	2,700	39,053	952
	2014	964	30,669	1,583	33,216	4,017
	2013	1,279	33,407	1,743	36,429	5,219
Hazardous waste	2015	240	12,671	11,454	24,365	0
	2014	183	13,600	12,482	26,265	0
	2013	301	13,283	14,251	27,835	0
TOTAL	2015	4,997	94,864	14,186	114,047	86,689
	2014	4,463	89,818	14,106	108,388	84,228
	2013	5,831	93,582	16,021	115,434	98,195

Brand network scope (excluding waste metal)

(unit: t)	Year	Landfill disposal	Recovery and recycling	Other disposal methods	Total
Non-hazardous waste	2015	5,244	4,856	20	10,120
	2014	5,654	4,591	19	10,264
	2013	nd	nd	nd	10,002
Hazardous waste	2015	250	3,196	251	3,697
	2014	302	3,463	192	3,957
	2013	nd	nd	nd	4,115
TOTAL	2015	5,495	8,052	271	13,817
	2014	5,959	8,054	211	14,221
	2013	N/C	N/C	N/C	14,117

Data for the brands was reported from an average 95% of sites in 2015 (88% in 2014 and 85% in 2013).

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

This table does not include waste metal (respectively 1,976 tonnes in 2015).

A review of hazardous waste

Hazardous waste is derived from three main processes: the surface treatment and painting of bodywork, the processing of metal parts, and casting activities.

In 2015, the Group produced 24,365 tonnes of waste classified as hazardous. This denomination is established after chemical analysis of waste, which determines its composition.

Landfill is responsible for the most significant environmental impact. The Group is taking progressive measures to eliminate it (2018 target: zero landfill for assembly plants in Europe). When it comes to hazardous waste, the Group is particularly mindful of the performance of treatment and recovery channels developed by specialists in the field. Use of these channels guarantees a controlled environmental impact.

Landfill is the last resort for treatment, when all other channels have been analysed and proven unsatisfactory. Fewer than 500 tonnes of hazardous waste are treated in this channel. This mainly concerns metal hydroxide sludge (400 tonnes) which is unsuitable for all of the available treatment channels due to its low metal content. The remaining landfill complies with a regulatory requirement (construction waste containing asbestos, and soot and ashes from the wood furnace).

Most hazardous waste, around 40% in mass, is formed of paint workshop and surface treatment waste. This concerns sludge with a high solvent or metal content, which is treated in the facilities in order to separate the various phases and collect the dissolved metals. The collected fractions are then recycled in the manufacturing processes and the water is treated, then discharged. Often rich in combustibles, the concentrates are then used to produce energy when the calorific values are sufficient, otherwise they are incinerated.

Processing waste (cutting liquids and filter cloths), which represents around 20% of waste, undergoes similar treatment.

Some casting sand not yet treated on-site, is recovered externally. Representing less than 10% of the total, this fraction is in decline and the latest investments within the Group, as mentioned earlier, will help to further reduce this figure.

Finally, general waste (a mixture of water and hydrocarbons from separators on all site roads and parks, physicochemical treatment plant sludge), which accounts for around 10% of waste, is treated in the same channels as those mentioned above. The very low hydrocarbon content in separator water generally prevents any recovery from concentrates. Soiled metal barrels are burned before being reused.

It is also worth noting that a significant proportion – around 20% of the total – of wood is classed as hazardous waste. These materials are chemically treated to make them resistant to all forms of attack. The measured concentrations of these materials in wood waste prevents the treatment of such waste produced on-site in the Vesoul wood furnace. Accordingly, the waste must be treated in a specific incineration channel, which is also the case for wood waste from other sites.

5.4.3.5 CROSS-BORDER WASTE TRANSFERS

G4-EN25

In 2015, waste exported from France to other Member States of the European Community (Belgium) represented 2,275 tonnes, *i.e.* less than 1% of the total waste generated (excluding waste metal).

These channels consist of recovery processes retained, as for all others of this type, after a positive assessment of their reliability and their geographical proximity – as the plants using this process are located in Charleville, Trémery and Française de Mécanique, which are all near Belgium.

Among the facilities located outside of France, only Mangualde has used this type of treatment for processing used solvents (81 tonnes).

5.5. CONTROLLING THE WATER CYCLE IN FACILITIES G4-DMA

5.5.1. Annual water abstraction and recycling G4-EN9

The environmental issues caused by water consumption and liquid waste from the manufacturing plants, while significant, remain limited for the Group, as only one plant is located in an area identified by the World Resources Institute as being at high risk of water stress.

5.5.1.1 ANNUAL WATER ABSTRACTION BY SOURCE AND BUSINESS

G.27 G.32 G4-EN8

Saving water is a key objective for each manufacturing plant. As with energy, each plant has its own water consumption management plan based on the widespread use of metering systems, displaying the least water-intensive operating parameters for each workstation,

and using recycling systems. The concept of available resources is different for each site. When performing impact studies, an analysis is conducted to determine the plant's water requirements and how these requirements fit in with the natural environment (e.g. what percentage of the river flow will be taken).

Since 1995, these measures have led to an almost 75% reduction in water consumption per vehicle produced, thereby helping to conserve resources.

At the same time, the volume of water taken, per painted vehicle, has been reduced threefold. PSA has set itself a target of 3.3 m³ per vehicle by 2018.

The Trnava and Mangualde sites have already achieved excellent performances with, respectively, 0.92 m³ and 1.03 m³ per painted vehicle in 2015, which underlines further progress made compared to ratios achieved in 2014.

ANNUAL WATER ABSTRACTION BY SOURCE AND BUSINESS

Water abstraction (in m³)

Entities	Year	City water	Surface water	Underground water	Total
Automotive Division	2015	1,848,222	3,116,964	2,411,330	7,376,516
	2014	1,873,845	2,941,544	3,194,230	8,009,619
	2013	1,951,262	3,259,761	3,384,130	8,595,153
o/w PCA France	2015	989,006	1,833,538	1,859,049	4,681,593
	2014	942,877	1,996,341	2,585,244	5,524,462
	2013	1,040,016	2,755,334	2,394,104	6,189,454
Automotive trade	2015	507,657	0	50	507,707
	2014	559,722	0	0	559,722
	2013	613,190	0	0	613,190
TOTAL	2015	2,355,879	3,116,964	2,411,380	7,884,224
	2014	2,443,193	2,941,544	3,194,230	8,578,967
	2013	2,576,140	3,259,761	3,384,130	9,220,031

Consumption of water by the Automotive Division continued its significant decline in 2015, dropping by more than 600,000 m³ compared with 2014.

Calculation of the amount of water abstracted is based on the water supplier's bills or the meter readings.

The brand results related to 87% of sites in 2015 (compared with 88% of sites in 2014, and 84% in 2013). Network water consumption is essentially linked to sanitary use and vehicle maintenance for sales outlets equipped with wash stations.

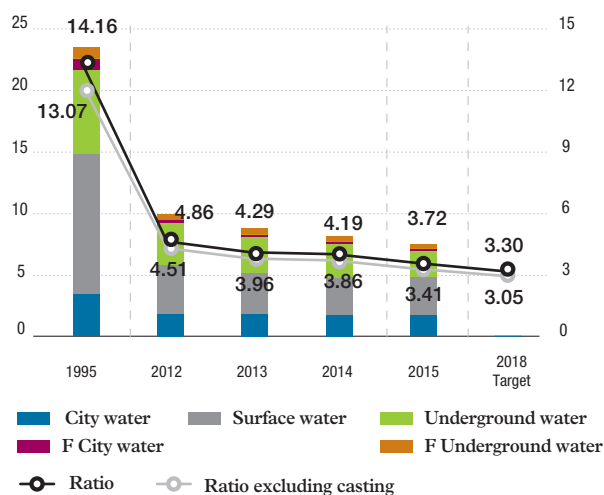
5.5.1.2 CHANGE IN THE VOLUME OF WATER ABSTRACTED

Change in the volume of water abstracted

(Automotive Division)

Water abstraction
(in millions of m³)

Ratio
(in m³/painted vehicle)



The action plans launched in 2013 and 2014 to correct any non-compliance observed in previous years had the desired effect and water consumption decreased significantly in 2015. The main

contributors to this performance are Mulhouse, which significantly reduced its groundwater pumping (down by 30% compared with 2014) and Sochaux, which continued its efforts initiated in previous years (consumption down by 5% after 36% in 2014, with an increase in production of 16%).

This abstraction decline is reflected in the improved consumption ratio per vehicle produced at 3.75 m³. The 2018 target of 3.3 m³ and its 2015 waypoint of 3.6 m³ were set before the integration of Française de Mécanique into the Group. Adjusted for this change in scope with FM accounting for 600,000 m³ of abstraction per year, the ratio is 3.45 m³ and in line with the target.

The geographic distribution of water abstraction in 2015 is as follows: 91.5% for the European Union and 8.5% for the rest of the world.

5.5.1.3 RECYCLED AND REUSED WATER

G.22 G.24 G4-EN10

The Group is attentive to water abstraction and preserving the resource. A number of best practices in terms of water recycling, which have been implemented at all the Group's plants, can be mentioned by way of example, particularly in the very water-intensive processes of the paint workshops where water can be used in eight reverse cascade rinsing stages on body structures. Evapo-concentration systems have been included in the components factories to separate the oily phases from the water phases of the machines which wash the parts. This water recycled by evapoconcentration is reintroduced into the parts washing process. Water recycled in this way is estimated at 2 million m³, representing more than a quarter of the Group's total consumption.

5.5.2. Significant industrial effluent discharges

5.5.2.1 GROSS INDUSTRIAL EFFLUENT DISCHARGE G4-EN22

GROSS INDUSTRIAL EFFLUENT DISCHARGE

Gross discharges into water from plants (in kg/year)

Entities	Year	COD	DBO5	SM
Automotive Division	2015	1,469,661	513,618	307,587
	2014	1,325,742	483,680	283,031
	2013	1,284,528	428,342	372,479
o/w PCA France	2015	850,134	218,599	189,491
	2014	713,168	188,829	180,303
	2013	824,473	220,781	254,093
Automotive trade	2015	n/k	n/k	n/k
	2014	n/k	n/k	n/k
	2013	n/k	n/k	n/k
TOTAL	2015	1,469,661	513,618	307,587
	2014	1,326,524	483,961	283,065
	2013	1,285,451	428,706	372,514

COD = Chemical Oxygen Demand.

BOD5 = Biochemical Oxygen Demand in five days.

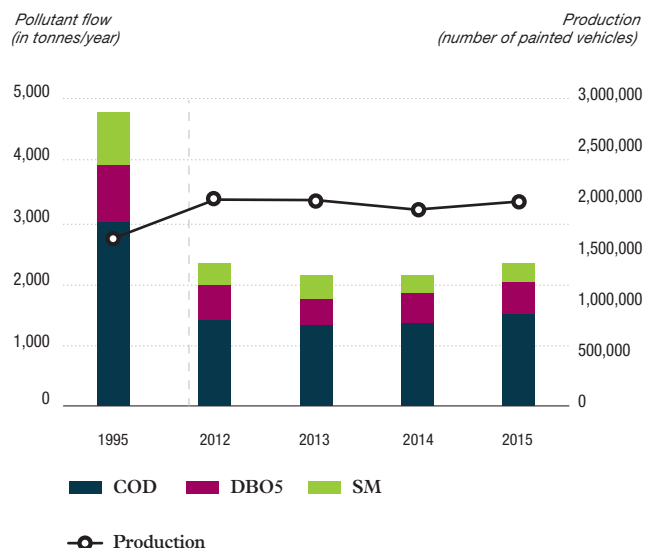
SM: Suspended Matter.

n/k = not known.

5.5.2.2 CHANGE IN GROSS INDUSTRIAL EFFLUENT DISCHARGE G.25

Change in gross industrial effluent discharge

(Automotive Division)



The measurements obtained indicate the average pollutant loads for all Group sites. As such, these measurements are for information purposes only and do not reflect a physical reality. The effluents from the Group's 34 sites discharge into around 20 different receiving environments, from the Seine to the Besbre, with differing flow rates and sensitivities as a result.

However, these factors give an indication as to changes in the loads discharged by plants. We can thus observe that the COD has risen by 11%, the DBO5 by 5.8% and the suspended matter by 7.5%, which confirms the diverse origins and nature of pollution.

However, in any event, all the sites comply with the requirements imposed on them, either in the permits, or in the agreements concluded with the companies operating the facilities connected to our sites.

For the change in discharge in 2015, we have observed the following:

- the increase in the COD is at 80% as a result of the Mulhouse site, which has undergone a number of transformations over the course of the year with the shift to single-flow production and the integration of the Green STT (nickel-free surface treatment). These operations have led to the draining of the surface treatment baths and thorough cleaning of facilities. The water was then treated in the site facilities and, although kept within the required limit values, there was a significant increase in the pollutant load. That said, no incidence was identified in the receiving environment. The other COD variations correspond to fluctuations in production and distribution between sites, with no observable non-compliance with a treatment process;

- the increase in BOD5, half of which is due to the above-mentioned developments in Mulhouse. The other half is ensured by Vigo but corresponds to the increase in site activity, leading to a proportional increase in the emitted and treated pollutant load;
- finally, the change in SM (suspended matter) is down to Vigo which, in addition to increased activity, led optimisation trails for plant operations and the use of flocculation and coagulation reagents, which resulted in this increase in SM, but not in other pollutant parameters likely to harm the receiving body of water.

The geographic distribution of pollutant flows in 2015 breaks down as follows: 98.5% for the European Union and 1.5% for the rest of the world.

This indicator presents the gross yearly discharges of the plants which perform regular self-monitoring. In 2015, these sites represented 98% of all water abstraction by PCA plants.

5.5.2.3 DISCHARGE OF HEAVY METALS INTO INDUSTRIAL EFFLUENTS

To meet the European requirements set out in the Water Framework Directive (2000/60/EC), France has implemented research into hazardous substances in water (RSDE circulars), with the aim of drawing up a list of pollutants to be monitored for each business sector, together with assessing and, if applicable, reducing (or even removing) in a targeted way the discharges of hazardous substances into the water networks of facilities categorised as being subject to authorisation. As a result of this systematic approach, it is now possible to quantify discharge from industrial activities for the main substances harming the quality of receiving water. Depending on the sensitivity of the receiving environments, maximum discharge values are tolerated but must be regularly supervised, or in other cases, replacement requirements are imposed for the identified substances.

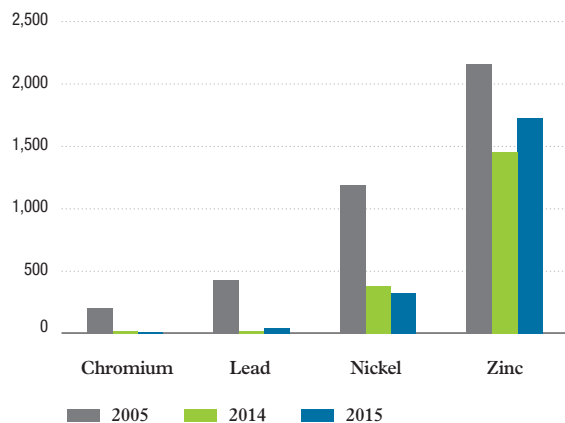
All of the Group's manufacturing sites in France have conducted these campaigns. The permanent supervision planned for six of the 15 sites concerned has already been suspended as the results indicate discharge below the trigger points for these requirements. It was reviewed for three other sites and limited to several specific substances. The cycle continues for four other plants, while two sites have begun feasibility of replacement analyses for the nickel present in the treatment surfaces.

This study has also helped confirm the pairs of heavy metals linked to the car manufacturing business and surface treatment, and their potential impacts on the receiving environment. It confirms that any heavy metal discharges, such as mercury, cadmium, arsenic, lead, chromium and copper, are insignificant in terms of flows and as such the Group has no specific obligation to monitor these substances in the long term. It has emerged that the significant metals are chrome, lead, nickel and zinc.

5.5.2.4 CHANGE IN DISCHARGE OF HEAVY METALS INTO INDUSTRIAL EFFLUENTS

Change in discharge of heavy metals into industrial effluents

*Heavy metal discharge into water
compared with 2005 base 100*



This graph shows the Group's efforts to limit its discharge of heavy metals into industrial effluents.

Lead and hexavalent chromium, historically core pollutants from surface treatment operations (STT), have practically disappeared from effluent thanks to new generation facilities. Amounts discharged today are significantly below the regulatory limits for the plants.

As for nickel, which is often used by car manufacturers in surface treatment processes to protect the bodywork from corrosion, PSA

committed to introducing surface treatment baths free of this metal several years ago. The roll-out of this new process is delicate and requires adjustments to both the production line and treatment methods for waste water. Green STT is in operation in the Mangualde, Madrid, Vigo, Rennes, Vesoul, Sevel Nord, Caen, Porto Real and Kaluga sites. In 2015, the components factory and bodywork plant of the Mulhouse site benefited from this technological development. The removal of the former nickel salt baths impedes the 2015 results somewhat, but 2016 should demonstrate a continued decline in nickel discharges.

The situation regarding zinc discharges is a little more difficult to grasp due to the more extensive and diffuse use of this metal. Used in the steel industry on the sheet metal forming bodywork, zinc particles are released throughout the production process in assembly plants and these particles turn up in the treated water before discharge into the natural environment or a communal plant. Three plants generate 80% of the zinc discharge. While complying with the required limit values, the two sites with the highest emissions (Mulhouse at 709 kg and Vigo at 579 kg) discharge into a communal plant to ensure an additional reduction of this metal before discharge into a natural setting. The amounts measured coming out of the plant thus have a marginal environmental impact. For Vigo, the increased quantity of zinc in the discharged water is linked to the above-mentioned trials on the optimisation of plant operations and internal treatment. Given the complexity of the processes implemented in Mulhouse (forging, casting, components with surface treatment and the automotive bodywork plant), the optimisation of operations in the plant tasked with capturing the zinc particles is particularly tricky, especially as the implementation of the Green STT has led to a review of treatment methods. All the other sites discharge fewer than 50 kg of this metal per year.

These parameters are checked in the self-monitoring of discharged water at least once a week at each manufacturing site.

5.6. PROTECTION OF NATURAL HABITATS AND ACTIONS TO PROMOTE BIODIVERSITY

G4-DMA

PSA'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.

5.6.1. Presence close to protected zones

G.30

G4-EN11

G4-EN13

G4-EN14

PSA's manufacturing facilities worldwide include 22 manufacturing plants and 12 study centres and office facilities. These 33 facilities occupy an area of about 3,750 hectares, of which 43% are waterproofed. The soil sealing limits the infiltration of water into the soil, which could contribute to flooding, depending on the receiving environment. Consequently, the Group is creating ways to control its stormwater discharges, especially during expansion projects with, for example, the creation of stormwater reservoirs.

Furthermore, most of these sites are located in suburban industrial areas. No site is located in an area defined as wetland (RAMSAR convention) or as an area regulated for the protection of fauna and flora (national parks, Natura 2000 areas, nature reserves, areas covered by biotope orders, etc.). Although some facilities (Bessoncourt, Caen, Charleville, La Ferté-Vidame, Mulhouse, Sept-Fons, Trnava, Valenciennes and Vesoul) are located near these areas, their proximity has no consequence identified to date on the environments concerned.

Plant	Business	Surface area (sq. m.)	Waterproofed surface area	Proximity to a regulated area	
				Distance between the plant and the regulated area	Type of area
Bessoncourt	IT centre	57,400	51%	Between 1 and 3 km	Natura 2000 area
Caen	Component factory	585,000	47%	Over 3 km	Natura 2000 area
Charleville	Casting	550,000	35%	Between 1 and 3 km	Nature reserve
La Ferté-Vidame	Testing centre	8,080,000	4%	Between 1 and 3 km	Natura 2000 area
Kaluga	Automotive production	1,430,000	41%	Over 3 km	National park
Mulhouse	Automotive production	3,048,474	63%	Less than 1 km	Natura 2000 area
Sept-Fons	Casting	202,262	48%	Less than 1 km	Natura 2000 area
Trnava	Automotive production	1,920,000	32%	Over 3 km	Natura 2000 area
Valenciennes	Gearbox production	890,000	35%	Between 1 and 3 km	Regional nature park
				Over 3 km	Natura 2000 area
				Less than 1 km	Prefectoral biotope protection order
Vesoul	Spare parts warehouse	1,197,606	89%	Over 3 km	Nature reserve

5.6.2. Major biodiversity efforts G.26 G.33 G4-EN12

5.6.2.1 CONSIDERING BIODIVERSITY AT PSA MANUFACTURING PLANTS

G4-EN26

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 additional environmental impact studies conducted before the installation of any new plant facilities or equipment whose content is defined by regulations. These studies assess the sensitivity of natural environments located in the immediate vicinity of the sites, and particularly the proximity of special protection areas of fauna and flora. They are carried out under new facilities or renewed at each significant stage of development of a site (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

As a result, about ten impact studies are conducted annually on the Group's sites. In addition to these studies, analyses of the environmental impacts from business activity are conducted annually using the ISO 14001 environmental management system in all of the Group's certified sites.

These analyses include:

- environmental issues such as GHG emissions, biodiversity, energy use, health consequences, etc.;
- characterisation of the site environment (environmental protection area, urban area, etc.);
- the possibility of "listing" environmental aspects on the basis of their impact.

They allow the management of these issues (objectives, performance monitoring, etc.).

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. For example, the plants in Rennes (France) and Madrid (Spain) have conducted flora assessments 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.

The Group's commitment to biodiversity can be illustrated by several actions at various Group plants. These include the Belchamp plant, where the teams suggest around ten arboretum tours to employees over the year so that they can discover the rich biodiversity of the 320 hectares of the forest as the seasons change. In addition, following an on-site presentation by several employees demonstrating their passion for beekeeping, a shared bee colony consisting of six hives was set up, allowing for exchanges among its members, to provide support for those new to beekeeping and to share best practices.

Furthermore, the Sevel Nord plant has performed a biodiversity assessment and installed 45 hives. Apart from the symbolic impact on the production of local honey, this approach is a good indicator of the condition of nature within the site and its immediate surroundings.

5.6.2.2 THE CARBON SINK IN THE AMAZON: AN ECOLOGICAL, 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 with a long-term goal of capturing 945,000 t CO₂, the project involves reforesting vast areas of deteriorated land and restoring biodiversity in the Brazilian state of Mato Grosso, while studying the relationship between reforestation and the absorption of atmospheric carbon dioxide.

The reforestation initiative is promoting biodiversity, especially by preserving native plant species, with the aim of restoring balance to the ecosystem. The Amazon rainforest is home to more than half of the world's terrestrial biodiversity.

Intensified CO₂ sequestration

After 17 years, total carbon sequestration by the project plantations stood at about 550,000 t CO₂ on the basis of measurement protocols compliant with the VCS (Verified Carbon Standard) certification. These figures are communicated subject to the publication of the environmental audit report by the VCS certification bodies.

The carbon credits were sold under the VCS 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 was the first reforestation project in Brazil to generate certified carbon credits under the VCS certification label, and the second in South America. In total, 2 million trees of more than 50 indigenous species have been reintroduced in a plantation of almost 2,000 hectares.

Moreover, since 2009, an agreement to place land under a private natural heritage reserve (RPPN) has been in place between PEUGEOT, the ONF and the state of Mato Grosso. This private reserve is a life-sized study tool made available to the Brazilian and international scientific community. Tree felling and logging are prohibited throughout the reserve, which comprises 1,800 hectares of natural forest, adding a conservation area to the sequestration area formed by the plantations.

PETRA: the carbon sink at the heart of a regional and international dynamic

The carbon 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 2012, the project partners set up PETRA, an experimental platform for the management of Brazilian Amazon rural lands. PETRA supplements the annual support provided to Franco-Brazilian PhD students for research into priority areas for carbon sink technology (like forestry, biodiversity, carbon capture, etc.). Furthermore, this programme uses the carbon sink to develop initiatives to reconcile economic activity and forest protection in rural Amazon areas. In particular, it encourages small local producers to develop sustainable forestry systems (agro-forestry and woodland grazing, among others).

The 15th PEUGEOT-ONF Forest Carbon Sink Scientific and Technical Council took place at the French Embassy in Brasilia from 23 to 25 March 2015, with two new members in attendance: the Director of public policy for the Amazon environmental research institute (IPAM) and the coordinator of the sustainable development unit of the United Nations Development Programme (UNDP) in Brazil.

The work of the Scientific and Technical Council focused mainly on an examination of the two sustainable management plans prepared by ONF Brazil:

- the development plan covering 5,000 hectares of tropical rainforest provides for the experimental implementation of reduced-impact logging with the aim of feeding the technical and economic sustainable management models for these rich and complex ecosystems;
- the 1,800 hectares of forest classed as a Private Natural Heritage Reserve since 2009 will provide the scientific community with an incomparable area of study, classified as one of the greatest areas of biodiversity on earth.

These two plans are in the validation stage with the French Ministry for the Environment of the State of Mato Grosso.

5.7. REPORTING SCOPE AND METHODOLOGY

G4-20

G4-22

G4-23

Reporting methodology

The environmental indicators in this chapter correspond to the application of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) and the recommendations of the Global Reporting Initiative (GRI). Cross-reference tables with GRI G4 indicators and the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code are included at the end of this report.

The reported data concern the manufacturing plants (PCA), the R&D centres, the main office sites, and the PEUGEOT, CITROËN and DS proprietary dealership networks.

Note:

- some results from previous years have been adjusted to reflect more detailed data reported after the previous Registration Document was published. These amendments have been explained for each discrepancy exceeding 1%;
- the emission factors taken into account to calculate the emissions linked to fossil energy consumption will be updated every five years from now on. The parameters used for the 2014 data report will be applied until 2018.

Consolidation of scope and coverage rates

For joint ventures: the scope of reporting does not include subsidiaries jointly owned with other car manufacturers or joint ventures accounted for by the equity method, due to the lack of exclusive control.

In these joint ventures, PSA exercises its role as shareholder and industrial partner with a view to long-term development. Accordingly, the Group addresses environmental and social issues with the same sense of responsibility as in its other business activities.

The joint ventures report their social and environmental performance at different levels, depending on the management structure in place with the industrial partner.

PSA owns a stake in these joint ventures or joint operations:

- TPCA, located in Kolin (Czech Republic), in joint operation with Toyota;
- DPCA, located in Hubein Province (Wuhan and Xiangyang), China, in joint venture with DONGFENG MOTOR CORP.;
- CAPSA, located in Shenzhen (China) in joint venture with China Changan Automobiles;

- Sevelsud, located in Val Di Sangro (Italy), a joint operation with Fiat;

- PCMA Automotiv RUS, located in Kaluga (Russia), a joint operation with Mitsubishi Motors Corp.

However, PCMA Automotiv RUS, in Kaluga, Russia, a joint operation with Mitsubishi Motors Corp., is included for CSR reporting, as PSA holds a 70% interest.

Since 2007, at PSA's initiative and with the agreement of the co-shareholder, DONGFENG MOTOR CORP., DPCA publishes Sustainable Development Reports. It was the first car manufacturer in China to produce such a report.

SCOPE OF THE AUTOMOTIVE DIVISION

Automotive trade (PCA), including PCA France

For the Automotive business (PCA), the scope of consolidation includes production plants, technical and IT centres, the spare parts warehouse and the main office establishments.

The automotive business (PCA) sites included in the consolidation scope are the following:

PCA (34 sites)	France	Belchamp Bessoncourt Caen Carrières-sous-Poissy Charleville Hérimoncourt La Ferté-Vidame La Garenne Metz	Française de Mécanique Mulhouse Paris Grande-Armée Paris 17 ^e Poissy Poissy Offices Division 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		

The Aulnay industrial site has been removed from the reporting scope since 2014 due to being shut down in late 2013. Nevertheless, the Group continues to control the site's environmental impact.

In addition, the PCI site in Saint Etienne is no longer consolidated following its transfer in 2015.

Automotive trade

The automotive trade reporting data covers dealership activity for the PEUGEOT, CITROËN and DS brands set out below:

- commercial subsidiary registered offices;
- the proprietary dealership network for the PEUGEOT, CITROËN and DS brands (Peugeot Citroën Retail);
- training centres;
- regional offices;
- PSA spare parts warehouses.

The scope of the automotive trade defined above is set out in the table below.

376 sites are referenced in the scope of the automotive trade. For these 376 sites, some of which comprise multiple activities, it was decided that the consolidation of data would relate to the site's main activity.

Automotive trade (376)	Commercial subsidiaries (34)	South Africa	Brazil	Italy	Czech Republic	Turkey
		Algeria	Chile	Japan	Russia	Ukraine
		Germany	Croatia	Mexico	Slovakia	
		Argentina	Denmark	The Netherlands	Slovenia	
		Austria	Spain	Poland	Sweden	
		Belgium	Hungary	Portugal	Switzerland	
	Peugeot Citroën Retail (321)	Algeria	Croatia	The Netherlands	Ukraine	
		Germany	Spain	Poland		
		Argentina	France	Portugal		
		Austria	Hungary	United Kingdom		
		Belgium	Italy	Switzerland		
		Chile	Japan	Turkey		
	Training centres (13)	South Africa	Poland			
		Croatia	Czech Republic			
		France	United Kingdom			
		Italy	Russia			
		Japan	Switzerland			
	Regional offices (6)	France				
		Italy				
		United Kingdom				
	Spare parts warehouses (19)	South Africa	Brazil	United Kingdom		
		Germany	Spain	Russia		
		Argentina	France	Switzerland		
		Austria	Italy			
		Belgium	Mexico			

Coverage rates presented under the tables for the automotive trade correspond to the percentage of total sites that have already reported data for the year and that are concerned by the specific indicators. Failure to report data may be due to the inability of the facility to respond or to calculate the indicator concerned (lack of metering systems, for example). Unless otherwise mentioned, data concern all sites.

For the automotive trade, the reporting period corresponds to a rolling year from 1 November of the previous year to 31 October of the current year.

As the environmental data for BANQUE PSA FINANCE represent a marginal proportion of the Group's emissions, they are not included in this reporting. However, they do appear in the reporting of the BANQUE PSA FINANCE Management Report.

The data presented in this table has been audited by an independent body, the firm Grant Thornton, using the methods set out in section 8.4 of this report.

Key

Automotive : Peugeot Citroën Automobiles S.A. operations in France (production plants, R&D centres, office facilities). The consolidation of the automotive business relates to 34 sites including PCA France, PCA outside France, Sevel Nord and la Française de Mécanique. The industrial site of Française de Mécanique has been consolidated since 2014.

PCA France: Peugeot Citroën Automobiles S.A. operations in France (production plants, R&D centres, office facilities). The scope of reporting for PCA France covered 26 sites.

Automotive trade: PEUGEOT, CITROËN and DS dealership activities (commercial subsidiary registered offices, the dealership network for the PEUGEOT, CITROËN and DS brands (Peugeot Citroën Retail), training centres, regional offices and spare parts warehouses). The scope of reporting for the automotive trade comprises the sites with at least six months' activity during the period covering the year (open before 1 May), but does not comprise sites closed on 31 October. The automotive trade thus comprised 376 sites in 2015.



6 ETHICAL PRACTICES, ECONOMICS AND CORPORATE GOVERNANCE

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PSA has identified three significant challenges in terms of “governance, ethical practices and economy”:

- ethical practices in business relationships;
- distribution of added value;
- transparency and integrity of influence and practices.

These three challenges are described in section 1.3.2.1 of this report. Faced with these challenges, PSA has set up the following systems.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
ETHICAL PRACTICES IN BUSINESS RELATIONS	Ensure ethical business practices and “zero tolerance” for corruption and breaches of competition rules.	Anti-corruption measures are deployed and assessed across all Group activities, including the supply chain. The competition rules have been disseminated and are complied with across all Group activities.	Campaign to renew support for the Code of Ethics, deployment of a specific action plan on anti-corruption.	<u>Target met:</u> <ul style="list-style-type: none"> - Renewal membership campaign for the Code of Ethics (15,000 employees taking part). - Developed an e-learning module on anti-corruption and an informational video was shown across Europe. 	<ul style="list-style-type: none"> - Anti-corruption: e-learning module for employees with high-risk positions (see section 6.1.2.3). - Competition law: in-class training for all senior and executive managers and a whistleblowing procedure was set up.
DISTRIBUTION OF ADDED VALUE	The Group does not resort to artificial structures that facilitate tax evasion.	The Group meets the requirements for fiscal transparency, complying with regulations in each of the countries where it operates.	The Group has published its fiscal policy.	<u>Target met:</u> The Group's fiscal policy is published.	The Group is assembling a tool kit to be ready for the future legal requirements of country by country reporting (CBCR).
TRANSPARENCY AND INTEGRITY OF INFLUENCE PRACTICES	Ensure the timely publication of the positions defended by the Group.	The Group ensures transparency on the positions that it defends and on the interest groups to which it is a member worldwide.	The Code of Ethics was disseminated to the heads of public affairs in the Group's Divisions/ Regions.	<u>Target met.</u>	Publish a Group Code of Ethics for Responsible Lobbying.

PSA has taken the necessary steps to be able to meet these challenges, which are described below. Its governance mode has updated to better integrate CSR issues: it is presented in sections 6.4 and 6.5.

6.1. ETHICAL PRACTICES IN BUSINESS RELATIONSHIPS G4-56

The Group's history has evolved to embrace a corporate culture founded on respect and responsibility. This ethical requirement is formalised by policies, signed agreements "Global Framework Agreement" or adoption of international benchmarks (Global Compact). PSA reaffirms its ambition to be the industry benchmark for responsible development.

It is reflected in the collective commitments made with stakeholders: clients, employee shareholders, partners, and civil society on the whole. To fulfil these commitments, the managers and all employees must comply with shared ethical guidelines.

These rules, compiled in the Group's Code of Ethics, are organised around the following requirements:

- respect for the law;

- respect for people;
- respect for the environment;
- respect for customers;
- respect for the Company.

The Group's ethics and compliance policy is based on three components:

- ethical guidelines (the Code of Ethics);
- ethical governance and a structured reporting, whistleblowing and monitoring system;
- a rigorous deployment process.

6.1.1. The Group's ethics policy and its reference documents

6.1.1.1. THE GROUP'S CODE OF ETHICS G.40

In 2010, PSA confirmed its ethical commitment by rolling out a new improved version of its Code of Ethics. This is one of the Group's six key areas of focus.

- Comprising 16 rules, the Code is designed to provide employees with updated guidelines that reflect the Company's business, social and environmental responsibilities. Its compact format ensures it can be taken on board quickly and is easy to display.

It is available in 20 languages and has been disseminated across 29 countries. It applies to all the Group's subsidiaries, including BANQUE PSA FINANCE, except for FAURECIA which has its own Code of Ethics. The Code was expanded in June 2015 and now includes a foreword on the formal ethics commitment made by the Group's executive managers, which has been signed by the Executive Committee.

"Now that we are firmly back in the race, our competitive and performance-based culture must be guided by ethical standards as set forth in our Code of Ethics. Our Group's reputation depends on it.

The trust that our clients, shareholders and partners place in us is underpinned by everyone's integrity regardless of position, seniority or country. Any breach of these rules could expose the Group to serious business and financial damage as well as tarnish its reputation.

It is therefore mandatory that all of us comply with the Code of Ethics. The Executive Committee is the first to embrace this commitment.

We are counting on PSA employees to ensure that everyone abides by the Code of Ethics on a daily basis as a way to propel sustainable performance."

Foreword signed by the members of the Executive Committee in June 2015

Along with the "Daily ethics" handbook on real-life examples of situations which might occur, the Code of Ethics is made directly available to employees on the Group's intranet. It is one of the new employee documents given to all new staff.

- "Compliance with the Code of Ethics" is the first operating procedure in the Group's procedure manual, which every employee is expected to apply. Available on the Group's intranet, this procedure sets out the practical obligations for employees and management in terms of ethics and the actions to take and procedures to follow in the event of questions or if breaches of

the Group's ethical principles are identified. It also defines the respective roles of each body. In connection with the setting up of the Ethics Review Division and its standards, it states that the departments must follow formal procedures in managing ethical and conformity issues and meet at least once a year to assess their corporate ethical practices. This procedure was amended at the end of 2015 to include a specific provision on compliance with competition law. Such provision sets forth how the Group must address this issue by appointing a Competition Compliance Officer and by offering mandatory trainings.

The procedures includes comprehensive instructions about fraud, anti-competitive practices, insider trading and corruption, in accordance with the requirements of the UK Bribery Act (in force since 2011) and the commitments made by the Company to fight corruption (Global framework agreement on corporate responsibility). It is based on the "Anti-fraud system" implemented in 2012 and updated in 2015.

In 2015, the two Chinese joint ventures, DPCA and CAPSA, adopted their own codes of ethics to prevent corruption. At the end of 2014, an anti-corruption handbook reflecting Chinese laws and regulations was published. Employees receive training on the handbook procedures.

6.1.1.2. THE DEPLOYMENT OF THE CODE OF ETHICS

Code of Ethics

In 2015, a new campaign for the Code of Ethics was launched for all Group managers. This campaign falls in line with the operating procedure, "Compliance with the Code of Ethics", stipulating that each manager must renew his or her commitment to the Code every three years. At management's or the country BU's discretion, this campaign can also cover other employees who may be directly involved given their role or region (Purchasing Department, Latin America, etc.). The kick-off date for the campaign is staggered across the various countries.

The Chairman of the Managing Board oversees this campaign, reflecting how closely top-ranking executives are involved in this process.

...Certain infringements to the laws and regulations set forth in our Code of Ethics could lead to serious ramifications. As a manager of the Group, you have specific responsibilities with respect to these laws and regulations.

...I am therefore counting on every one of you to join in with all the other Group senior managers and executives in signing for the first time or in renewing your commitment to uphold our Code of Ethics.

...I expect outstanding results from this campaign, as a sign of our deep involvement and shared commitment to sustainable success.

Carlos Tavares

At the end of 2015, more than 12,000 people (100% of executive officers and senior managers) in France individually signed up to the Code of Ethics. In February 2016, this number reached 12,795.

In Latin America, 2,382 forms were completed and signed to join the Code of Ethics. Membership campaigns were also launched in Spain, Portugal, Czech Republic, Germany, Italy, Poland, Switzerland, the United Kingdom and Austria.

6.1.2. Preventing fraud, corruption and anti-competitive practices

G.40

G4-57

G4-58

The mechanism for guaranteeing good faith and fair dealing and preventing fraud and corruption is based on principles shared throughout the Group:

- employee involvement;
- analysis of risks and a defined process for controlling them;
- traceability of transactions;
- segregation of powers and multiple sign-offs depending on the sums involved; and
- selection of Partners.

Defined by the Group's Ethics Committee, the ethics and compliance programme is made up of four pillars:

- 1) ethics and compliance guidelines: Code of Ethics, Operating Procedure; Anti-corruption policy, system for fraud prevention, etc.;
- 2) the training programme, which includes:
 - awareness-raising modules such as the ones for the Code of Ethics membership campaign,
 - in-class or e-learning modules on competition, corruption and personal data;

- 3) mechanisms and standards for detecting, correcting and preventing practices that may breach the Code of Ethics: department-wide procedures to conduct ethics reviews and assess the performance of the relay networks.

In accordance with the recommendations of the Ethics Committee, department-wide ethics reviews were conducted in 2015, in the 19 departments reporting directly to the Chairman of the Managing Board as well as in four additional entities, whose business requires a special process (Replacement Parts and Services, IT Department, Peugeot Citroën Retail and BANQUE PSA FINANCE). The General Counsel defined the standard on which these ethic reviews were based. The scope of these reviews is for the relevant Department to update the risk level of infringing the Code of Ethics rules, provide a progress report on its action plans and define new initiatives. The risk of corruption in particular was systematically evaluated.

The Department's "ethics" risk profile obtained from the review is submitted in a visual and summary form.

The consolidation of this work by the Group provides the Ethics Committee with a general mapping of ethics-related risks and helps it identify all the ongoing action plans in each Department.

6.1.2.1. ETHICAL GOVERNANCE

G4-DMA

G4-SO3

G4-SO4

Ethical governance and compliance and how they work are described in the corresponding operating procedures.

Management by the Ethics and Compliance Committee and its relays

In 2010, the Group created an Ethics and Compliance Committee, which reports to the Executive Committee. It is chaired by the Group Corporate Secretary and comprises the Executive Vice-President of human resources and the Head of Group Audit and Risk Management. The Competition Compliance Officer of PSA has been a member of this Committee since July 2015.

The Committee meets quarterly and is responsible for:

- determining the general orientations of the Group's ethics and compliance policy, based in particular on external intelligence (new risks, emerging stakeholder expectations and new legislation) and the consolidated mapping of the departmental Ethics Reviews. It also decides on the development of tools and reference systems of the Ethics system;
- overseeing operational deployment: setting and monitoring of annual objectives, monitoring of indicators. It guarantees the proper functioning of relay networks;
- analysing, processing and tracking reported "ethics cases";
- acting as the liaison for employees who have questions about ethics;
- reporting on ethics and compliance issues to the Executive Committee and Supervisory Board.

If a case of non-compliance poses a core risk for the Company, the Ethics Committee warns the Managing Board, which decides whether or not it is necessary to inform the Supervisory Board's Finance and Audit Committee.

Chief Ethics Officers

The Ethics Committee works with a global network of 11 Chief Ethics Officers covering the geographical areas where the Group operates. These officers oversee that ethical policies are applied locally. The Chief Ethics Officers relay the guidelines and objectives determined by the Ethics Committee in the countries and regions. They investigate the ethical cases for their region and ensure that they are consistently referred to the Ethics Committee. If necessary, they may alert the Committee before the investigation begins.

Fraud Detection Managers

The Group Security Department heads up a 20-strong network of Fraud Detection Managers (a representative from each Department reporting directly to the Chairman of the Managing Board). This network was restructured and further expanded in 2015 and now includes a monthly presentation given by the Fraud Detection Managers. The purpose of these presentations is to ensure that the mapping of fraud risks is accurate, analyse any attempts or cases of fraud, assess weaknesses, adopt corrective and preventive measures and spearhead the anti-fraud actions plans. The Fraud Detection Managers are in turn backed up by 51 Local Security Managers appointed in each Group company. In all, approximately 96 individuals (excluding auditors), distributed by Group activities, companies and geographical areas provide optimum coverage for the Group. They are specifically tasked with alerting and informing the Ethics Committee of any instances of fraud and monitoring action plans in place.

Supplier audits

For the non-Group scope, audits are also made on suppliers. The Purchasing Department performs the supplier CSR audits. Since 2008, the Group has conducted 68 social and environmental audits with Tier 1, 2 or 3 suppliers. They systematically involve an audit of anti-corruption practices and policy. These audits round out the self-assessments made by all the suppliers themselves. The suppliers systematically receive a CSR questionnaire to assess the appropriateness of their anti-corruption policy and system. In 2015, the Group started using an external platform to evaluate suppliers (EcoVadis), which incorporates the indicators of fair practice and compliance. This platform is described in further detail in section 4 of this report.

A four-tier ethics and compliance policy

- The divisions are at the **first level** in enforcing the ethics policy. The General Counsel (Risks, Ethics and Group Security, etc.) heads the divisions and the Legal Affairs and Human Resources Departments provide support. Reporting to the Executive Vice President, the divisions roll out the core components of the Group's ethics and compliance policy. In connection with the Departmental ethics review, a mandatory annual exercise regulated by a standard, the departments carry out a precise assessment of the risk of breaches to the 16 rules of the Code of Ethics that may occur during their operations. They determine, based on their specific fragility zones, the three priority areas for the Management on an annual basis and the action plans that they are going to implement. Risks of corruption and sensitivity to competition rules are routinely assessed. In 2015, a specific item on the anti-corruption policy was added to the annual risk assessments. This item is included in the risk mapping for fraud and in the action plans.

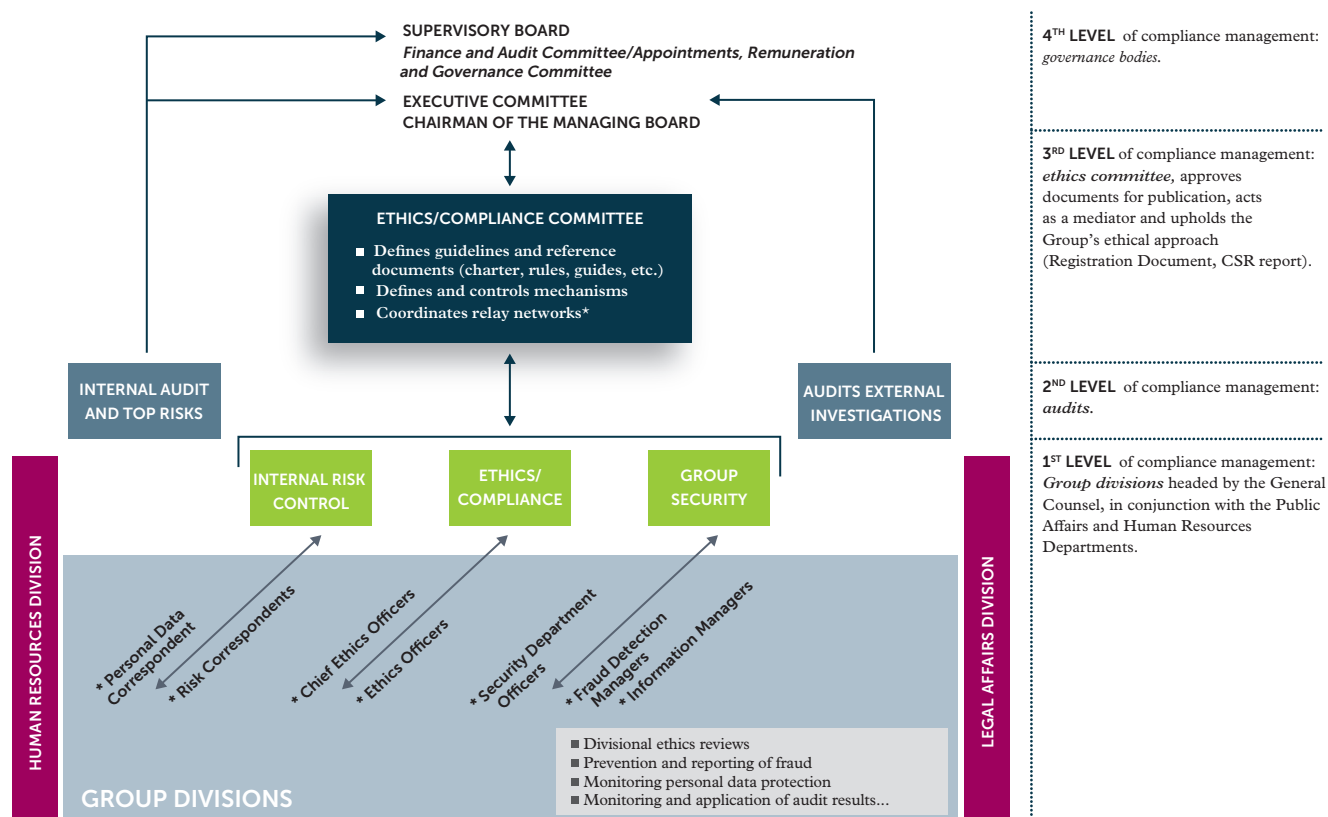
At the end of 2015, the risks of corruption were therefore assessed in 21 departments or entities. The corruption risk assessment focused on the relationship with partners and suppliers and covered: the gift and entertainment policy, prevention of conflicts of interest, relationships with B2B fleet buyers, partner reputation and enforcement of the due diligence policy.

Assessments can be made during a Risk Committee meeting. They may also subsequently lead to a more thorough audit (second-level inspection) carried out by the Internal Audit Department on a specific issue. In all, the Departments are responsible for applying the Code of Ethics in their area and for implementing suitable systems according to the risk levels identified. They define and monitor the related KPIs.

These partial risk assessments and the related mapping for Departments are consolidated to draw up the Company's overall risk profile with regard to its Code of Ethics:

- internal and external audits are the **second level** of compliance management. The Audit and Risk Management Department checks that the processes have indeed been implemented. It confirms and analyses any cases of fraud or corruption. Each audit of a site or a subsidiary includes a section analysing this risk;
- the Ethics Committee gets involved at the **third level** where necessary to settle any issues and to ensure that the procedures are followed properly;
- the Supervisory Board and the relevant committees intercede at the **fourth level**:
 - if the case is referred to them by the Managing Board,
 - if it is a specific item to be debated by the Supervisory Board.

Ethics and compliance system

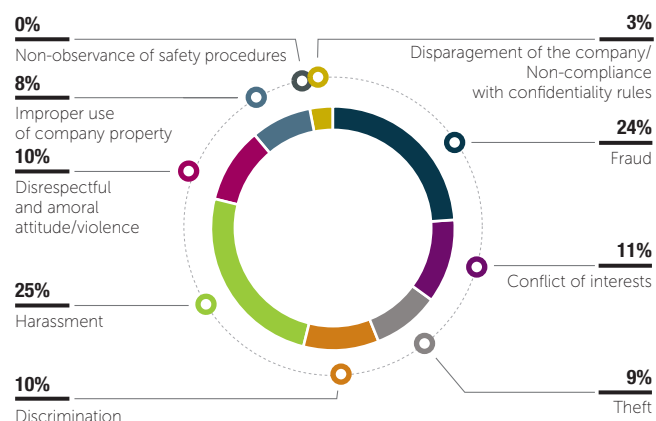


Control mechanism

- The principles of segregation of powers, and, in the area of management control, the need for two or three sign-offs, depending on the type of commitment and amount of the transaction, help limit and detect possible acts of fraud or corruption.
- The prevention, control and oversight 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 the Group's risks. It ensures the Executive Management is informed;
- 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 Officer network of any cases of non-compliance. If necessary, it alerts the Managing Board and provides an annual update to the Supervisory Board.

6.1.2.2. HOW ETHICAL ISSUES ARE HANDLED

Breakdown of cases reported to the ethics committee in 2015



Questions about ethical issues are handled as follows:

- employees confronted by practices or situations that are contrary to the rules of the Code of Ethics have different options in reporting them. All the options ensure that their request for action remains confidential. Anonymous requests are processed even if this is not encouraged:
 - the natural channels for reporting inside the Company are the official channels in case of ethics-related questions or situations. Employees can also refer the matter to their human resources manager, their Chief Ethics Officer, their Fraud Detection Manager, a member of the Executive Committee or directly to the Ethics Committee,
 - any manager who is informed by an employee of a violation of the Code must report this through one of the above channels,
 - offenders of any proven breaches to the ethical guidelines may be fined or even dismissed under this process;
- a web-based whistleblowing system was introduced in Latin America. This system is managed by an independent organisation (KPMG in 2015) and provides data to the local-based and Group Ethic Committees. For instance, 51 cases were reported through this channel in 2015 and the investigation resulted in the dismissal of 20 employees. In this region, a local Ethics Committee handles cases of non-compliance in Argentina, Brazil and Chile in close liaison with the Group Ethics Committee. A whistleblowing system is also in place in the United Kingdom, and the Group's financial subsidiaries (BANQUE PSA FINANCE) have a similar system, in accordance with legislation. There are also two email addresses for "harassment" and "diversity" issues, as additional ways of reporting a problem and initiating an internal investigation.

Internally, and as with stakeholders, a strengthened anti-fraud system has been in place in the Group's Automotive Division since 2012 (BANQUE PSA FINANCE has its own system). It is placed under the responsibility of the Group's Ethics Committee, which has tasked

the Group's Security Department (one of the entities of the Group's Corporate Secretary) with managing it, carrying out investigations, monitoring and reporting incidents. Audited in 2015, the anti-fraud system is based on preventing, identifying, investigating and handling incidents as well as making ongoing improvements. In 2015, the Local Security Managers, Fraud Detection Managers and Chief Ethics Officers began to play a greater role in this system:

- prevention and deterrence are provided by the departments that have committed to abide by the minimum measures of the internal control system: updating delegations of authority, segregation of duties, dual sign-off requirements, best practices in managing IT access, etc.;
- for fraud detection, the Group Security Department works hand in hand with a network of Fraud Detection Managers, one in each Group department, and 51 Local Security Managers appointed by the companies;
- investigations are overseen by the Group Security Department, in close collaboration with the Legal Affairs Department and the Human Resources Department. The department's operating officer hands down any decisions/sanctions. Operating officers can also seek advice from consultants or external lawyers, specialists in national legislations in certain issues, to develop their analysis and find the appropriate solutions;
- in an ongoing effort to improve the system, fraud cases are analysed by the Group's Security Department and Auditing and Risk Management Department in terms of potential re-occurrences, the ability to detect it more quickly and its impact to reduce the loop holes in the system.

Some of the noteworthy measures for preventing fraud in 2015 were:

- confidentiality and control of information: training for all senior managers and executives plus an e-learning module; systematic checks to test password strength;
- informational and prevention campaign on external fraud (identity theft, bank account fraud, etc.);
- personal data: e-learning was made available to all staff in January 2015 on the internal e-platform;
- prevention of corruption: a staff-wide informational video based on the 2014 anti-corruption practical guide was broadcast to all Group departments at the end of 2015. E-courseware will be available in 2016 to provide additional training on this guide;
- anti-competition practices: additional e-courseware was made available at the end of 2015. It will be deployed further in 2016.

Each of these programmes accounts for approximately two hours and fifteen minutes of training.

In September 2015, the Head of the Legal Affairs Department was appointed Competition Compliance Officer. He will receive any issues reported via the whistleblowing system on competition compliance to be set up in 2016. Via this system, Group employees in France will be able to alert the Competition Compliance Officer of any alleged breaches of competition rules that they identify. An ombudsman network was also set up in the Group to ensure that French competition laws are observed.

6.1.2.3. REFERENCE DOCUMENTS

The system to prevent fraud, corruption and anti-competitive behaviour is an integral part of the Group's ethics commitment. The practices adopted by the Group in these three areas are formalised in the following reference documents, which can be accessed directly on the Group portal homepage:

■ Group agreements with regard to all its 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 by the Group, the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF), this agreement commits nearly 90 trade union organisations in the countries where the Group operates. It applies to 127 subsidiaries in 35 host countries and is regularly monitored to ensure compliance and a consolidation of related 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 segregation between work and political activities. At the same time, the document "Daily Ethics" offers examples of situations and appropriate behaviour in these areas. The Code of Ethics is part of the induction kit systematically given to every new hire,
- the "Compliance with the Code of Ethics" procedure, backed up by the competition procedure, is the foundation of all our operating procedures. These procedures include detailed guidelines concerning fraud and the prevention of insider dealing and corruption, particularly in accordance with the UK Bribery Act,
- in 2014, a staff-wide practical guide on anti-corruption measures was published and promoted in an in-house communication campaign running on the "Live in PSA" portal. This summary guide, which is easy to download and use, specifies the Group's overall position (zero tolerance) on corruption. It describes precisely the rules concerning gifts and invitations, conflicts of interest, facilitation payments, relations with agents, intermediaries and consulting companies, etc. It provides contacts and examples of warning signals to sharpen discernment. It integrates all the main provisions of national laws that concern the Group and extra-territorial laws, and is enforceable in all countries,

- In 2015, a three-minute informational video was made available to all staff to highlight the main points of the 2014 anti-corruption practical guide. This video is a standalone tool to raise awareness about corruption. It shows possible scenarios of corruption and how members of the Group should act in such cases,

- E-courseware on anti-corruption measures has also been designed and will be launched live in 2016. Priority for this training is given first to employees in positions that expose them to corruption risks (in sales and purchasing in at-risk countries such as China, Russia and the Group's new industrial development areas in Africa and the Middle East);

■ supplier documents:

These issues are covered in the "Supplier Guidelines for PSA's Corporate Social Responsibility Standards";

■ documents for corporate officers:

- a Stock Market Code of Ethics applicable to members of the Supervisory Board and executive managers (see section 6.4.3),
- 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: Conflict of Interest and Anti-Bribery policy pursuant to the UK Bribery Act; the document was expanded and updated in May 2015;
- BANQUE PSA FINANCE: "Internal Control Charter and Anti-Money Laundering Procedure";
- Purchasing Department:
 - self-assessment questionnaire sent to all suppliers systematically comprising questions about their anti-corruption policy and a preliminary review of suppliers in countries deemed at risk,
 - CSR supplier audits systematically including an audit of anti-corruption practices and policies;
- Latin America Division: a local Ethics Committee and web-based whistleblowing process. Every year all managers and employees systematically fill out a form declaring conflicts of interest and receipt of gifts, and submit it to the persons responsible.

6.1.2.4. 2015 DEPLOYMENT AND RESULTS

G4-S05

G4-S07

G4-S08

G4-S011

2015 Deployment: training and awareness-raising**Employees****TRAINING ON HUMAN RIGHTS AND ETHICS POLICIES AND PROCEDURES***(Group scope, situation in 2015)*

	2015			2014		
	Number of hours	Number of employees	% of employees trained	Number of hours	Number of employees	% of employees trained
Equal opportunity, diversity, anti-discrimination training	9,258	1,537	1.59%	4,338	1,518	1.41%
Compliance with internal regulations, Global Framework Agreement, data privacy guidelines, etc.	8,365	7,034	7.26%	30,461	8,521	7.93%
Corruption, conflicts of interest, etc.	1,258	863	0.89%	1,831	887	0.83%
Competition and corruption + fraud, classroom based	313	215	0.22%	2,157	1,343	1.25%
Code of Ethics	3,175	12,701	13.10%			
TOTAL	22,369	22,350	23.06%	38,787	12,269	11.42%

In 2015, general training on ethics represented a total of 22,369 hours for 22,350 employees. A certain amount of this more general training covered subjects like corruption. For example, under the terms of the Global Framework Agreement on Social Responsibility, PSA is committed to fighting against all forms of corruption and avoiding conflicts of interest. Every Group employee has been informed of this commitment and made aware of its importance. Moreover, the campaign for adherence to the Code of Ethics, renewed in 2015, once again raised awareness among employees regarding the 16 rules of the Code of Ethics.

All PSA employees must behave in line with current laws and regulations, whether national or European, when performing their work. Experts from the Legal Department and the Corporate Secretary's Office spearheaded training on issues such as competition and corruption for employees in at-risk positions, *i.e.*, Sales and Purchasing Departments.

- At the end of 2015, more than 1,000 of these employees across 13 countries had already attended in-class sessions on competition law.
- At the end of 2015, 529 employees attended in-class training on anti-corruption measures and 304 took a web-based course. This training encompasses the in-class modules given in the Middle East Purchasing Department and the modules rolled out in Russia and China.

Suppliers

PSA insists that suppliers also comply with its procedures to prevent corruption and avoid conflicts of interest. These points are stipulated in the "Supplier Guidelines for PSA's Corporate Social Responsibility Standards".

PSA has also defined guidelines for buyers to discourage corrupt practices.

Ethics results in 2015

The Ethics Committee met four times in 2015 in accordance with the quarterly mode of operation defined.

Cases of conflict of interest

There were no core cases of conflict of interest reported in 2015.

Cases of corruption

There were no serious convictions for corruption in 2015.

Cases of non-compliance with competition laws

- In August 2015, following the appeal filed by the Group against a 2014 conviction handed down by Argentine Competition Commission for anti-competitive practices in Argentina (car sales in a free trade zone, Tierra del Fuego), the €14 million fine was **overturned**.
- In July 2015, the Spanish Anti-Competition Commission fined 21 carmakers for exchanging sensitive data on business and strategy. The Spanish subsidiaries of the PEUGEOT España and CITROËN España Group were fined €15.7 million and €14.7 million, respectively. The Group filed appeals with the Spanish courts in October 2015.
- In 2011, the subsidiary Peugeot Turquie Popas was fined €6 million. Peugeot Turquie Popas has appealed the decision. The proceedings are ongoing.
- In December 2015, the French Anti-Competition Authority fined parcel and logistic companies for violating competition laws for a total of €672.3 million, with GEFCO being fined €30.6 million. PSA is involved in this proceeding as GEFCO was a wholly-owned subsidiary at the time of the alleged violations. GEFCO and PSA have appealed this decision.

6.1.2.5. BANQUE PSA FINANCE

Due to its status as a banking establishment, BANQUE PSA FINANCE is subject to banking regulations, which govern the resources and actions of the Internal Control function.

For several years, BANQUE PSA FINANCE has implemented, pursuant to the Order of 3 November 2014 on the internal control of banking institutions (formerly under CRBF Regulation No. 97 02), the following procedures and systems to prevent risks which all financial institutions may encounter, especially in terms of its control and ethics policy:

- an Internal Control Charter setting out the basic principles of how its internal control system works: this Charter has been disseminated to the broadest extent possible. Employees may consult it at any time on the bank's database. This Charter develops and explains the principles of segregation of duties and preventing conflicts of interest.

Each entity of the BANQUE PSA FINANCE group is expected to comply with principles of segregation of duties and prevention of conflicts of interest when preparing and amending its instructions, procedures and powers or when reviewing its structure. The role of the bodies overseeing permanent control is to ensure that risks are prevented and dealt with at the onset. They do so by identifying, assessing and managing any risks efficiently;

- an anti-money-laundering and combating the financing of terrorism (AML/CFT) system is in place. This system is based on the BANQUE PSA FINANCE framework agreement, which includes local procedures and checks for risks identified in each operating process. Risks of money laundering and financing terrorism are assessed quarterly when the non-compliance risk assessment is drawn up and certified by each Managing Director of a BANQUE PSA FINANCE entity.

The IT system singles out individuals whose assets have been frozen so to avoid having any business dealings with them. The status of Politically Exposed Persons is also checked in order to establish the necessary vigilance, in particular with respect to the identification and source of funds. Employees are frequently trained on the rules and legislation on anti-money laundering

and combating the financing of terrorism (AML/CFT) and the procedures that they must put in place;

- BPF complies with the Group's Code of Ethics and performs an ethics review each year;
- a system to protect personal data is operational. This system is based on the BANQUE PSA FINANCE framework agreement, which includes local procedures, appropriate checks and ongoing training for staff. Protecting personal data is discussed quarterly when the non-compliance risk assessment is drawn up and certified by each Managing Director of a BANQUE PSA FINANCE entity;
- in addition to the various systems described above, BPF has set up a whistleblowing tool for all Group employees to report any non-compliance related to the institutions' activities to the Corporate Compliance Officer (members of the Board of Directors for joint-ventures with Santander). This tool, placed in a context of strict adherence to the rules set by an ad hoc internal procedure and confidentiality imperatives, is part of the internal anti fraud and conflict of interest procedure.

6.2. DISTRIBUTION OF ADDED VALUE

6.2.1. Distribution of the value created by PSA

G4-EC1

G4-EC4

G4-DMA

DISTRIBUTION OF ADDED VALUE

(Automotive and Banking Divisions)

	2013		2014		2015	
Revenue (€ million)	38,023		36,674		37,761	
Distributions	(€ million)	(as a % of revenue)	(€ million)	(as a % of revenue)	(€ million)	(as a % of revenue)
CAPEX + R&D ⁽¹⁾	2,585	6.5%	2,743	7.5%	2,945	7.8%
Public sector ⁽²⁾	1,033	2.6%	801	2.2%	626	1.7%
Employees ⁽³⁾	334	0.8%	330	0.9%	388	1.0%
Shareholders ⁽⁴⁾	0	0.0%	0	0.0%	0	0.0%

(1) Gross R&D, excluding research tax credit and subsidies.

(2) Corporate income tax, customs duties.

(3) Discretionary and non-discretionary profit-sharing plans, variable bonuses and raises (1.95% on average in 2015).

(4) Dividends paid to Peugeot S.A. shareholders for the previous year.

Moreover, the value distributed for the community amounted to nearly €7.9 million for 2015 (see section 7.2.1.2). It includes the corporate projects sponsored by the Group, the initiatives spearheaded by the PEUGEOT and CITROËN brands, the site-based local philanthropy plans, and the budget allocated by the PSA Foundation to selected projects.

The Group also creates value in its host communities by using local suppliers. See section 4 of this CSR Report for more information.

Payment of payroll taxes is also a component of this value creation and is discussed further in section 3 of this CSR Report.

Subsidies received

(Automotive Division)

Under subsidies received in Europe reported in the financial statements, there were €167.1 million in 2015 (of which €158.5 million of tax credit), versus €199.9 million in 2014 and €164.9 million in 2013. The impact of these subsidies is broken down between profits/(loss) and investment deductions.

6.2.2. Tax transparency

Compliant with the Code of Ethics, based on long-term objectives and in line with its global strategy and targets, the Group's tax policy complies with rules of transparency and responsibility. It is based on the following principles:

1. tax policy always complies with applicable laws and regulations. It is guided by relevant international standards (for example OECD Guidelines). PSA aims to comply with the spirit as well as the letter of the law. Tax filings and payments as well as book-keeping and tax reporting are carried out in compliance with all local regulations in the countries where the Group operates;
2. the Group addresses all tax matters with integrity and transparency. It strives to maintain constructive partnerships with the tax authorities as this can result in the more timely resolution of any disputes. Tax legislation and procedures are however complex areas: when it is not possible to resolve a disagreement with the tax authorities quickly and professionally, the Group uses all the available remedies to assert its rights and its interpretation of the law;
3. in all the countries where the Group operates, it manages its tax matters in a pro-active manner:
 - it does not use contrived or abnormal structures that are intended for tax avoidance, have no business justification (tax haven) and do not meet the spirit of local or international law,

- it strives to meet a two-fold objective: increase the value created for its shareholders and comply fully with all relevant legal and regulatory requirements in line with stakeholder expectations;

4. the Group's tax policy also attests to its responsibility. It pays the taxes and duties legally due in the countries where direct economic value is created within the normal course of its industrial or commercial activity. Consequently, all transfers of goods and services among group companies are conducted under arm's length conditions. The prices of these operations are based on market conditions and reflect the commercial nature of transactions.

The conduct of the Group's tax affairs and the management of tax risks are handled by an international team that guarantees compliance with these principles.

In 2016, PSA will pursue these efforts even further to meet the requirements of the Country by Country Reporting (CBCR). This will involve developing the appropriate IT systems and solutions in line with the requirements that have yet to be defined by the French tax authorities. The CBCR will be prepared in 2017 for the 2016 financial statements.

6.2.3. Compensation of executive managers

G4-51

G4-53

The principles and rules decided on by the Supervisory Board to determine the compensation and benefits granted to corporate officers are presented in section 3.4 of the Registration Document.

The compensation policy was decided upon by the Supervisory Board on the proposal of the Appointments, Remuneration and Governance Committee. It takes into account principles of completeness, balance, consistency, readability and measurement.

All compensation components of each member of the Managing Board are reviewed each year to assess the overall compensation of each one (fixed compensation, variable compensation, allocation of performance shares, additional retirement plan, company car).

COMPENSATION POLICY

The compensation policy and compensation levels are described in the Group's Registration Document. In 2015, the compensation structure changed to encourage the attainment of short- and long-term targets with a view to streamlining and aligning the interests of Managing Board members with those of the Company and its shareholders.

It includes:

- an annual fixed part;
- an annual variable part;
- a long-term compensation plan (performance shares).

As in 2014, variable annual compensation is based on the degree to which pre-defined targets are met.

For 2015, the collective Group targets represent 80% of the variable part of the target for the Chairman of the Managing Board and the other members of the Managing Board and concern the Group's cumulative free operational cash flow and PSA's recurring operating income (respectively 40% each). The annual and individual performance targets represent 20% of their target bonus. These targets mainly relate to CSR criteria (the frequency rate of lost-time incidents, average Group vehicle failure rate) and the recurring operating income of certain regions or operations headed up by one of the Managing Board members.

In 2016, the Group's collective targets - still representing 80% of the target bonus of the Members of the Managing Board - are broken down as follows:

- operating margin of the Automotive Division for 40%;
- growth in revenue for the Automotive Division for 40%;
- vehicle quality for 20%.

Regarding specifically the Chairman of the Managing Board, his individual performance targets for 2016, representing 20% of his bonus, is broken down as follows:

- Group's recurring operating income (+100% BPF and +50% China JV), for 10%;
- Work safety + sustainable mobility challenge (CO₂ emissions: corporate average fuel efficiency, 50% Europe/50% China), for 10 %.

On 17 February 2015, the Supervisory Board allocated performance shares to the Managing Board members.

The Chairman of the Managing Board was allocated 130,000 performance shares, and the other members of the Managing Board were allocated 65,000 performance shares. This allocation of a total of 2,465,000 shares (0.31% of the share capital on the date the allocation was decided) is part of an overall plan for several hundreds of senior managers and executives in the Group.

The shares have a two-year vesting period. Once the shares have been allocated, they must be kept by the members of the Managing Board for two years from the date of their allocation.

Acquisition of the shares is subject to performance conditions in terms of free cumulative operational cash flow of the manufacturing and sales companies 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and the recurring operating income for the Automotive Division in 2016. The system is additive (33% for FCF +33% for debt +33% for automotive ROC).

This allocation entails the following undertakings for each member of the Managing Board:

- an obligation for members of the Managing Board to keep, in registered form and until the cessation of their role, at least 50% of the number of vested shares (depending on the performance conditions being attained) at the end of the vesting period;
- an obligation for members of the Managing Board to acquire, on the availability date of the allocated shares, a number of shares equivalent to 5% of the number of vested shares (subject to the performance conditions being attained) at the end of the vesting period; and
- a commitment by members of the Managing Board to not carry out transactions to hedge their risk on the allocated shares, until the end of the lock-in period applicable to the shares allocated to them.

Other benefits

The only benefits in kind provided to Managing Board members are a company car and medical coverage.

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.

Attendance fees of the Supervisory Board

In 2015, the attendance fees were made up of:

Attendance at Board meetings	Attendance at committee meetings	Supervisory Board advisors:
<ul style="list-style-type: none"> › fixed portion: €20,000; › variable portion: €4,000 per Board meeting attended*; capped at €20,000 per year. 	<ul style="list-style-type: none"> › fixed portion: €15,000; increased to €30,000 for Chairmanship of the Finance and Audit Committee and to €20,000 for Chairmanship of the other committees. 	<ul style="list-style-type: none"> › fixed portion: €10,000; › variable portion: €2,000 per Board meeting attended*; capped at €20,000 per year.

* Including by audio- and video-conference.

The compensation of the Chairman and the Vice-Presidents are not deducted from this overall amount of €1 million. The Chairman of the Supervisory Board receives compensation of €300,000 (Mr Gallois has waived this compensation) and the Vice Presidents €40,000.

Employment contract

No member of the Managing Board has a salaried position within the Group; the employment contracts of Jean-Baptiste de Chatillon, Grégoire Olivier and Jean-Christophe Quémard have been suspended. This suspension was justified by their significant length of service as employees. Carlos Tavares does not hold an employment contract.

Executive pension plans

In December 2015, the Supervisory Board of PSA acted on the proposal of the Managing Board Chairman and validated the decision to phase-out the defined benefit pension plan for corporate officers and the Group ExCom members. This new scheme generated €34 million in savings – less the transition costs – in PSA's 2015 financial statements. It will also be less costly for the Group in the longer term. For example, the expense corresponding to the Chairman of the Managing Board will be reduced by more than two-thirds. In addition, the Board has decided to redistribute the savings generated by the new executive pension plan to all employees, to top up existing compensation and profit-sharing schemes. Consulted prior to the implementation of the plan, the AFEP-MEDEF high committee on corporate governance ruled that this plan complied with the recommendations set out in the AFEP-MEDEF Corporate Governance Code for listed companies. Shareholders will vote on the related measures at the next Shareholders' Meeting in April 2016.

Additional information on this new retirement plan is available in the 2015 Registration Document and on the PSA website.

SHAREHOLDERS' OPINION ON THE COMPENSATION OF EXECUTIVE DIRECTORS

Shareholders express an opinion on the compensation components for the Managing Board members ("say on pay") in accordance with section 24.3 of the AFEP-MEDEF -Corporate Governance Code for listed companies. These compensation components are discussed in section 8.1. of the Registration Document.

Supervisory Board compensation

Supervisory Board members and non-voting Board members are paid annual attendance fees up to an aggregate amount determined in advance by the Shareholders' Meeting. Pursuant to the decision of Peugeot S.A.'s Shareholders' Meeting of 31 May 2011, this amount has been set at €1,000,000 until further notice.

Beginning in 2016, the Supervisory Board will introduce a larger variable component to the attendance fees. The fees will be distributed as follows:

Attendance at Board meetings	Attendance at committee meetings	Chairmanship of a committee	Supervisory Board advisors:
<ul style="list-style-type: none"> fixed portion: €16,000; variable portion: €24,000 for perfect attendance*, prorated for absences. 	<ul style="list-style-type: none"> fixed portion: €6,000; variable portion: €9,000 for perfect attendance*, prorated for absences. 	Chairman of the Finance and Audit Committee: <ul style="list-style-type: none"> fixed portion: €12,000; variable portion: €18,000 for perfect attendance*, prorated for absences. Chairmanship of other committees: <ul style="list-style-type: none"> fixed portion: €8,000; variable portion: €12,000 for perfect attendance*, prorated for absences. 	<ul style="list-style-type: none"> fixed portion: €8,000; variable portion: €12,000 for perfect attendance*, prorated for absences.

* Including by audio- and video-conference.

The fixed portion of the attendance fees will be prorated for terms of offices that have expired or terminated during the year. If there is a risk of exceeding the €1 million amount, the attendance fees payable to the advisors of the Supervisory Board may be decreased.

In 2015, as he had done in 2014, Louis Gallois waived his compensation as Chairman of the Supervisory Board and the directors' fees due to him. Anne Valleron (employee shareholder

representative) also waived her attendance fees, as she did in 2013 and 2014.

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 for the performance of their mission by the members of the Supervisory Board.

6.3. TRANSPARENCY AND INTEGRITY OF INFLUENCE PRACTICES G.41

Lobbying is a channel for civil society to express its views. It promotes a public forum where lobbyists can debate issues while respecting opinions and interests which may diverge from their own.

PSA supports responsible lobbying that contributes to more informed public decision-making, in line with its ethical principles of integrity, respect and transparency.

6.3.1. Group organisation

The Public Affairs Department manages Europe-wide relations with French authorities (government, parliament, public agencies and administrations, local authorities); European Union institutions; foreign governments and diplomatic delegates; and by extension business and professional communities and non-governmental organisations.

This department headed by a Vice-President, Public Affairs, is placed under the authority of the Corporate Secretary who reports directly to the Chairman of the Managing Board.

In Latin America, China and Russia, dedicated institutional relations officers report directly to the Regional Chief Executive, who is a member of the Managing Board or reports to it.

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;
- informing government authorities and opinion leaders about PSA's various business, industrial and employee relations issues, in particular by sharing the expertise necessary to make them know and understand the Group's positions that will favour the conditions for its development;
- representing PSA with regard to the European Union (Commission, Parliament, Council, etc.), public institutions in countries where the Group has operations or interests, trade associations (ACEA, ANFAC, CCFA, MEDEF, PFA, SMMT, VDIK), as well as to research associations, foundations and organisations in which the Group participates (road-safety foundation, Avere and Movéo, among others);
- providing corporate public affairs support and expertise in operating regions outside Europe;
- staying current with legislation and keeping the Group informed.

6.3.1.1. REFERENCE DOCUMENTS

The Group's organisation of the lobbying process is in line with the Group's first Operating Procedures Rule, approved by the Executive Committee.

At an operational level, the managers in the Public Affairs Department have embraced the Group Code of Ethics and expressly pledged to uphold its principles. All new hires in the department are given a copy of the Code, with special attention paid to the rules that concern them.

Furthermore, these employees implement specific written procedures, approved and published under PSA's Excellence System.

6.3.1.2. MONITORING PRACTICES

The Public Affairs lobbying strategy and initiatives are overseen by the Corporate Secretary of PSA, an ExCom member who reports directly on these issues to the Chairman of the Managing Board.

The main lobbying positions on the most pertinent issues to the PSA Group are defined with the Chairman of the Managing and debated within the ExCom.

The positions which the Group publicly supports fall in line with its strategy. The Vice President of Public Affairs supervises the work and interviews conducted daily by department members. Public Affairs staff and department heads of communications and CSR have monthly follow-up meetings. The Public Affairs staff also meets with R&D teams quarterly under the guidance of the respective department heads, who are also ExCom members.

The Public Affairs Department may be audited by the Group Audit and Risk Management Department, which acts completely independently and reports to the Supervisory Board. More particularly, the audit may be performed as part of a wider assessment of the Public Affairs Department's compliance with the rules of the Code of Ethics.

If breaches of the principles set out in the Code of Ethics concerning lobbying and relations with public authorities are identified, they can be submitted to the Ethics Committee according to the principles set out in section 6.1.2.

PSA has signed the EU Code of Ethics for Lobbyists and the French codes of the National Assembly and the Senate.

6.3.1.3. RESOURCES **G4-SO6**

In 2015, about 20 PSA employees worldwide were assigned to institutional relations and lobbying.

The budget allocated to these activities is planned and monitored by the Management Control Department in the same way as other activities as part of the Group's budgetary procedures.

In France, the resources that the Group allocates to lobbying activities are reported in the lobbyist register of the French National Assembly. In 2014, between €100,000 and €150,000 was spent.

European-wide data is reported in the EU Transparency Register under reference 399 008 07 417 – 87. In 2014, between €500,000 and €599,000 was spent and these amounts include wages, office rentals, overhead as well as membership dues to trade federations, depending on European standards.

When conducting its business activities, the Public Affairs Department relies in particular on the expertise of consulting firms specialised in responsible lobbying practices. These firms are registered in the French and European transparency registers.

Staff in the Public Affairs Department behave in accordance with the in-house Code of Ethics. In drafting this Code of Ethics, an analysis of business practices was carried out. Ten working group sessions attended by each department head were held to study real-life cases. After the Code of Ethics was drafted, two training sessions on public decision-making and ethical standards in parliamentary relations were held. A follow-up training was held in May and December 2015 on accountability requirements for cross-border lobbying. The Code of Ethics has four chapters: transparency, dialogue and disclosure, compliance with institutional and internal procedures, and ethical practices.

The Group does not make financial contributions to political parties.

6.3.2. The Group's public policies and positions

The Group is committed in keeping public officials and stakeholders up to date on all of the challenges facing it. In 2015, the Chairman of the Managing Board took the floor during a public hearing at the French National Assembly (before the Commission on Economic Affairs and the Commission on Sustainable Development) to report on the progress made under the Back in the Race plan and to give an overview of the Group's technology strategy.

The Group holds conferences on mobility to get the public talking and thinking about these issues. For example, a round table on "How to reconcile the environment and mobility" took place at the *Palais de la Découverte* in Paris in 2015. The keynote speaker was Carlos Tavares and other participants included scientific experts, academics/researchers, elected officials and NGOs.

The Group is also fully committed in maintaining a continuous dialogue with all of its stakeholders. Section 1 of this report provides more information on this dialogue and related initiatives.

In line with its CSR commitments and issues (see Chapter 1 of this report), PSA actively takes part in the public debate on issues related to the industry, the automotive sector, ecology and the environment, transport and mobility, road safety, regional development and international trade. It defends the following positions:

COMPONENT	ISSUE	GROUP POSITION
Sustainable mobility	CO ₂ emissions from vehicles and fuel consumption	<p>Global harmonisation of standards</p> <p>With increasing global awareness, the eco-car of the future remains a core topic of public debate. With respect to regulations on CO₂ emissions of vehicles, the Group defends the idea of a worldwide harmonisation of emission measurement cycles and test procedures. (World Light Duty Test Procedure) and their swift roll-out in Europe. More generally, the Group asserts that there is no "one-size fits-all" technology that will produce a carbon-free environment. Instead, reducing overall CO₂ emissions will require the marketing of several complementary technologies to meet the various usage patterns and price requirements of customers around the world. It is generally believed that internal combustion vehicles will still account for 85% of automotive sales in 2020, and 15% will be electric and hybrid vehicles. The Group is working with public authorities to help define the conditions that would enable the emergence of a market for low-carbon vehicles. The Group is involved in designing and testing out technologies and standards for electric infrastructures. The Group also urges governments to support the development of electric vehicles, hybrids and plug-in hybrids with incentives for buyers and users on these emerging markets. 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 in using crops for fuel instead of food.</p> <p>Hearing on 13 November 2015 conducted by the OPECST (the French parliamentary office for evaluating scientific and technological options).</p> <p>PSA representative: approvals manager</p> <p>Topic: State of the art technology in measuring car emissions of particles and pollutants; a comparison</p> <p>Content:</p> <ul style="list-style-type: none"> - pollution measurements, real use of vehicles; - changing the automotive industry to meet the challenges and standards for public health and the environment. <p>Automotive taxation</p> <p>To ensure a global reduction in CO₂ emissions, the Group recommends that the regulatory and tax framework be solely based on the CO₂ emissions criteria, regardless of the technology used. The taxation of vehicles based on a CO₂ criterion, with the aim of directing buyers towards lower-carbon vehicles was stepped up and became more widespread as from 2004. These systems have changed the structure of automotive markets, leading the Group to recommend European taxation harmonisation to reduce the risks of market fragmentation. The Group and all other car manufacturers recommend that changes in taxation be foreseeable. PSA has created a portfolio of four clean technologies to meet the expectations of a wide range of consumers and to offer appropriate solutions to all of PSA markets. These technologies include petrol engines such as PureTech, new and modern diesel engines such as BlueHDI – making PSA best-in-class in Europe for low CO₂ emissions (average of 110 g CO₂/km of CO₂ in 2014) – and the ongoing development of Plug-in technologies for petro-electric second generation powertrains. PSA recommends that the environmental objectives set by public officials be completely impartial with respect to types of technology so that the market can take advantage of the best competitive innovations offered by all car manufacturers. PSA believes that the convergence of the tax policies for petrol and diesel is therefore reasonable. However, this adjustment should be made gradually so that the market and car manufacturers have time to adapt. Any sudden reverse trend in how the public views the advantage of any of these technologies could be harmful to the industry.</p>
	Air Quality	<p>PSA is advocating for the swift roll out of the European Real Driving Emissions (RDE) regulation.</p> <p>Transparency measure on consumption and emissions of pollutants</p> <p>In an effort to improve customer information, PSA and the NGO "Transport & Environnement" are working together to measure and report real-use consumption data by the spring of 2016. This innovative initiative is a clear demonstration that a carmaker and independent NGOs can reach agreement for the benefit of customer information. In 2016, the levels of pollutant emissions of new approved passenger cars will be measured according to the new European RDE procedures. PSA's French manufacturing and technical sites located in Trémery and Carrières-sous-Poissy were visited during a fact-finding mission on the French automotive industry. This mission was spearheaded by the French National Assembly and gathered data on the French automotive industry from a manufacturing, energy and tax perspective.</p> <p>The problem of the older car population</p> <p>The impact of road transport on pollution in urban areas is primarily due to older vehicles. PSA believes that introducing air quality certificates will help upgrade the fleet over time. Air Quality "certificates" will provide advantages to the four cleanest car models such as access to restricted driving zones, authorisation to drive during pollution peaks and may even include easier access to parking facilities.</p> <p>The definition of models with low and very low emissions</p> <p>In connection with the Energy Transition law, the Group is satisfied that the draft decree complies with the principle of technology neutrality.</p> <p>Campaign for the electric light commercial vehicles</p> <p>PSA has loaned ten electric commercial vehicles to the City of Paris to test out a car-sharing service for small business owners in the <i>second arrondissement</i> (official launch scheduled for mid-May 2016).</p>

COMPONENT	ISSUE	GROUP POSITION
	Innovation	<p>Research funding</p> <p>The Group teams up with laboratories, competitiveness clusters and research institutes to take part in research programmes. In Europe, the Group attends consortiums such as the H2020 – Factory of the Future. In France, the Group is a stakeholder or project lead in wide range of research- and innovation-based projects through its involvement in the “Investment for the Future” and the “Future Road Vehicle” programmes. These projects focus on reduced vehicle weight, the autonomous vehicle and its legal framework as well as hybrid and electric cars.</p>
	Vehicle quality and safety	<p>To become a leading provider of mobility services, the Group promotes its solutions to urban mobility challenges with public authorities, in particular in relation to shared mobility.</p> <p>The connected vehicle</p> <p>Cars are and will be increasingly connected to road infrastructure, other vehicles and to the external environment through a wide range of communication technologies. These new data exchange capacities raise issues that are technical, economic and societal. PSA is very aware of these issues, and works with a large number of groups of experts on the standardisation and protection of personal data. Operating safety, the protection of technical specifications of vehicles throughout their life cycle, data protection and road safety are at the heart of the Group’s concerns.</p> <p>The Group has deployed a high performance solution that can serve as a springboard for innovative telematics services, such as emergency calls, assistance, fleet management support, electronic service records, eco-driving recommendations, etc.).</p> <p>Vehicle safety</p> <p>Vehicle passive safety performance continues to improve despite the constraint to reduce vehicle weight in an effort to lower CO₂ emissions and reduce global warming.</p> <p>For automotive technology to continue contributing to reducing the number of road fatalities, the focus is increasingly placed on accident avoidance, in particular through the use of new driver assistance and communication.</p> <p>PSA insists with consumer bodies (NCAP) that the assessment criteria used be based on actual accident analysis efficiency.</p> <p>Road safety</p> <p>The Group follows the work of the National Road Safety Council via the CCFA (French carmakers’ committee) and in relation with the Safety and Road Traffic Delegation, to ensure the relevance of the regulatory proposals with respect to extra development costs. Technical as well as safety regulations are drafted and applied across Europe. However, the countries themselves usually decide how to apply these regulations. The Group is in permanent contact with both European and national officials to offer its assistance and expertise when regulations are being debated.</p> <p>The autonomous vehicle</p> <p>For the past year and a half, PSA has worked within the PFA (French Automotive Industry Platform) and with the inter-ministerial task force to draft approval procedures to test out autonomous driving techniques on open roads. The Group was the first to receive approval to drive on certain road sections in France and Spain.</p> <p>Alongside the VEDECOM Institute, PSA is also involved in the PFA’s work on the legal aspects of assisted-driving systems, focusing on the liability systems as well as the discussions on the current amendments to the Vienna Convention.</p>
	Environmental impact of materials and end of life	<p>The circular economy</p> <p>The Group is engaged in the circular economy.</p> <p>It promotes the repair of its products and to this end, it develops a range of standard spare parts and second-hand parts.</p> <p>It is also in favour of the development of a harmonised methodology for measuring the rate of incorporation of recycled and natural materials, through its action in the Automotive Industry Platform (PFA).</p> <p>The Group promotes the adoption by EU Member States of best practices in implementing the European Directive on the treatment of end-of-life vehicles (ELV). It advocates for the professionalization of the recycling industry and higher output (ELV decontamination centres, shredding, sorting after shredding, etc.). It is part of the ADEME ELV steering committees.</p> <p>PSA leverages its knowledge and experience of recycling to develop the industry in other areas of the world, such as Russia and China.</p>

COMPONENT	ISSUE	GROUP POSITION
Procurement/ supply chain	Supplier relations and purchasing practices	<p>Structuring of the industry</p> <p>The Group is very active within the PFA and Regional Associations of the Automotive Industry (ARIA), by seconding employees, taking the lead in working groups and by sitting on all the PFA committees. The PFA, at the national level, and the ARIA, at the regional level, are the voice of the automotive industry and the industry's contacts with public authorities, regions, local communities and State departments.</p> <p>The Group advocates that ARIAs be set up in regions where the automotive industry plays an important role to exert influence on local governments and elected officials to gain their backing and support.</p> <p>For example, the ARIA Ile-de-France branch spearheaded an initiative with about fifty suppliers to roll out plans to improve quality and boost industrial and sales performances.</p> <p>The Group has campaigned for the merger between the automotive competitiveness clusters and the ARIA, begun in 2015 and which should be finalised in 2016. This will make the clusters more efficient in assisting companies, regardless of size.</p> <p>The supplier relationship is structured around special links with strategic and core suppliers, and the establishment of the "Supplier development" process with all other suppliers. The purpose of "Supplier development" is to secure the supply of parts to Group plants to enable seamless operation and to tend towards industrial excellence. To do this, the Group works with supplier sites in a rationale of continuous improvement based on the follow focuses:</p> <ul style="list-style-type: none"> - quality performance (in particular during the launch of new products or operations to certify new facilities); - logistics performance; - training. <p>The Group works with some 3,200 supplier sites worldwide, 2,200 of which are in Europe.</p> <p>This demonstrates its commitment to better prepare the future by developing a partnership suited to its partner's skills, from R&D for some, to production.</p> <p>The Group has signed the High Performance and Best Practices Code promoted by the PFA. In this respect, it supports all the initiatives of the PFA and public authorities to ensure that this Code is promoted and applied in the most comprehensive manner.</p>
	Social and environmental standards for purchasing	<p>Development of the supply chain CSR</p> <p>At the European level, in collaboration with other carmakers, PSA is working to improve the social, ethical and environmental performance of the automotive supply chain based on five development areas:</p> <ul style="list-style-type: none"> - define responsible procurement best practices; - develop and deploy common tools to make CSR actions more effective; - work together on common projects to improve the management of the subcontracting chain; - harmonise the CSR requirements and expectations to be communicated to suppliers and subcontractors; - harmonise extra-financial reporting practices.
Industrial ecology of Group sites	Energy and industrial carbon footprint	<p>The Group has, for many years now, rolled out a process for controlling its environmental impacts and to ensure continuous improvement in this area. This has led to the obtaining of ISO 14001 certification for all its plants and the regular reduction in the environmental footprint of its industrial activities.</p>
Governance, ethics and economic sustainability	Ethics and balance in business relations	<p>Hearing on 27 July 2015 at the French National Assembly</p> <p><u>Group representatives:</u> Chief Financial Officer and General Secretary of PSA</p> <p><u>Topic:</u> the State's financial interests</p> <p><u>Content:</u></p> <ul style="list-style-type: none"> - the State's role in PSA's governance - the State's investment to support PSA's upward growth trajectory
	Distribution of added value / tax	<p>Reducing trade obstacles in global regions</p> <p>With operations spanning more than 160 countries, the Group is particularly confronted by technical barriers or pricing hikes that could disrupt trade between countries or regions.</p> <p>At a multilateral level, the Group promotes the UNECE international regulations and its agreements entitled the "1958 Agreement" and the "1998 Agreement".</p> <p>At a bilateral level, the Group actively follows the negotiations in the European Union to finalise the free trade agreements, particularly with Japan and the United States (TTIP). The Group is championing proposals to provide better market access by reducing technical barriers and customs in both a proportional and coordinated manner. This will guarantee that the parties enjoy mutual benefits in each zone.</p> <p>The Group has recommended that trade negotiations resume between the European Union and Latin America.</p> <p>It has also voiced its support for a Europe-wide policy to develop trade with Asia by continuing negotiations with the ASEAN countries. Vehicles assembled in Europe could therefore benefit from the same conditions (primarily pricing) as the ones already in place for imports coming from other Asian countries.</p> <p>In the same vein, the Group has expressed that it would like trade negotiations to start immediately between the EU and Australia and New Zealand.</p>

COMPONENT	ISSUE	GROUP POSITION
Societal	Involvement in host communities	<p>The Group is present in regions where the car plays an unquestionable economic role.</p> <p>It contributes to structuring the industry (automotive industry manufacturers, suppliers, equipment manufacturers) in collaboration with the PFA and the ARIA network, by actions with institutional bodies or elected representatives or directly with companies. This is done with a network of partners (competitiveness clusters (automotive or non-automotive), UIMM, MEDEF, professional branches, FMEA, etc.).</p> <p>Both regionally (ARIA) and nationally (PFA), the Group is a stakeholder in initiatives to increase the automotive industry's profile (planeteautomobile.com; career conferences, etc.).</p> <p>PSA also contributes to the development of companies of the future, for example, through the use of revitalisation funds.</p>
	Management of customers' personal data	<p>Consumer personal data protection</p> <p>The Group wishes that a balance be found between the legitimate protection of consumers and the Company's performance. It is therefore in favour of the principle of a European regulation on this issue, which will:</p> <ul style="list-style-type: none"> - harmonise standards for companies and ensure consumers of increased protection of their personal data; - help European companies boost their competitiveness with non-European competitors, who will also be subject to these standards once they process data on European citizens. <p>The Group had already committed to the essential principles of "privacy by design" and "privacy by default" and is constantly improving the security of its data storage and exchange networks, especially with the connected car that has transformed carmakers into players at the heart of the data protection issue. It carries out training and awareness-raising actions within the Company and takes part in working groups among professionals to foster the exchange of best practices.</p>
Workforce-related	Social dialogue and responsible management of jobs and skills	<p>The Group defends taking into account the regulatory provisions concerning the need to match the resource requirements and skills to its business performance needs.</p>

6.4. GOVERNANCE PRINCIPLES

The Group's corporate governance is based on compliance with recommended governance practices and on the Code of Ethics described in section 6.3.1 of this document.

6.4.1. AFEP-MEDEF Corporate Governance Code

The Company refers to the AFEP-MEDEF Corporate Governance Code, which was revised in November 2015, as applicable to French joint stock companies with a Managing Board and Supervisory Board. This Code can be viewed on the Internet: <http://www.medef.com/>.

A summary table in section 3.3 of the Registration Document presents the few provisions of the Code which were not kept, with the related explanations.

6.4.2 Disclosures on the situation of the members of the Supervisory Board and the Managing Board G4-LA12 G4-40

SUPERVISORY BOARD

The table below sets forth the changes in the Supervisory Board in 2015 and up to 23 February 2016.

Effective date	Description of the change
4 June 2015	Co-optation of Mr Zhu Yanfeng as member and Vice-Chairman of the Supervisory Board, replacing Mr Xu Ping.
28 July 2015	Appointments of Mr Aymeric Ducrocq and Mr Wei Wenqing as advisors to the Supervisory Board.
15 December 2015	Co-optation of the company DONGFENG Motor (Hong Kong) International Co. Ltd. (DMHK) as member of the Supervisory Board, replacing Mr Zhu Yanfeng. Appointment of Mr Zhu Yanfeng as permanent representative of this company on the Supervisory Board and his appointment as Vice-Chairman of the Supervisory Board. Resignation of Ms Dominique Reiniche as member of the Supervisory Board.
23 February 2016	Co-optation of Ms Catherine Bradley as member of the Supervisory Board, replacing Ms Dominique Reiniche.

The Supervisory Board has a balanced representation with fourteen members, including:

- six members appointed upon the proposal from each of the three main shareholders: two for the State (via SOGEPa); two for the Peugeot family group (comprising the companies Etablissements Peugeot Frères (EPF) and FFP); and two for DONGFENG Motor (Hong Kong) International Co. Ltd. (DMHK). Three members appointed by each of these shareholders were named Vice-Chairman;
- six independent members, including the Board Chairman and a Senior Independent Member;
- an employee representative and an employee shareholder representative.

The Shareholders' Agreement signed on 28 April 2014 between the three main shareholders and the Company defines how the Supervisory Board is formed.

Members of the Supervisory Board are appointed for a four-year term (apart from Pamela Knapp, whose six-year term had already begun when the by-laws were modified in 2011).

Senior Independent Supervisory Board member

A Senior Independent Member has been appointed from among the independent members and has, according to the internal rules of the Supervisory Board, the following powers and prerogatives:

- to call and chair meetings of the independent members of the Supervisory Board on operational matters of the Board and to convey its conclusions to the Chairman of the Supervisory Board;

- notify the Chairman of the Supervisory Board of any conflict of interest it has identified which could affect the deliberations of the Board;

- take note of the significant governance concerns of shareholders not represented on the Supervisory Board and ensuring that they are addressed;

- report on the performance of his or her duties to the Supervisory Board and, where applicable, to the Shareholders' Meeting.

In 2015, one meeting of the independent members of the Supervisory Board was held.

Employee representatives

The employee representative was appointed by the Group's European Committee pursuant to Article L. 225-79-2 of the French Commercial Code and the new provision of the by-laws (Article 10.I B) voted by the Shareholders' Meeting of 25 April 2014 following the enactment of the job security law.

The employee shareholder representative was appointed by the FCPE Supervisory Boards in accordance with the provisions of Article L. 225-71 of the French Commercial Code and the by-laws (Article 10.I C).

In 2015, Ms Anne Valleron received certification to be a corporate director from the French Institute of Directors (*Institut Français des Administrateurs*). In 2016, Mr Kondratiuk will also take part in the "Employee Director" training programme offered by this institute.

Composition of the Supervisory Board

At 23 February 2016, the Supervisory Board had the following members:

Members of the Supervisory Board	Independent according to the AFEP-MEDEF Code	Date of first appointment	Main role	Committee membership
Louis GALLOIS	✓	2014 AGM	Chairman of the PSA Supervisory Board	Strategy Committee, Appointments, Compensation and Governance Committee
Bruno BEZARD (State representative pursuant to 139 of the French new economic regulations "NRE" law)		2014 AGM	Head of the French Treasury	Strategy Committee, Appointments, Compensation and Governance Committee
Marie-Hélène PEUGEOT RONCORONI (Appointed on the proposal of the Peugeot family group)		2014 AGM	Chief Operating Officer of Etablissements Peugeot Frères	Appointments, Compensation and Governance Committee, Asia Business Development Committee
ZHU Yanfeng		SB 12/12/2015 (co-optation)	Chairman of DONGFENG MOTOR CORPORATION	Strategy Committee, Appointments, Compensation and Governance Committee
Patricia BARBIZET	✓	2013 AGM	CEO of Christie's International plc	Finance and Audit Committee (Chair), Asia Business Development Committee
Catherine BRADLEY	✓	SB 23/02/2016 (co-optation)	Independent member (FCA)	Appointments, Compensation and Governance Committee, Finance and Audit Committee
Pamela KNAPP	✓	2011 AGM	Corporate director	Asia Business Development Committee, Finance and Audit Committee
Jean-François KONDRATIUK Employee representative (appointed pursuant to Article. L. 225-79-2 of the French Commercial Code)		Group's European Works Council on 18/06/2014	Employee	Strategy Committee, Asia Business Development Committee
LIU Weidong (Appointed on the proposal of DONGFENG)		2014 AGM	Deputy General manager of DONGFENG MOTOR CORPORATION	Asia Business Development Committee (Chair), Finance and Audit Committee
Robert PEUGEOT Permanent representative of FFP (Appointed on the proposal of the Peugeot family group)		2014 AGM	Chairman and Chief Executive Officer of FFP	Strategy Committee (Chair), Finance and Audit Committee
Henri Philippe REICHSTUL	✓	2013 AGM	Corporate director	Strategy Committee, Asia Business Development Committee
Geoffroy ROUX de BÉZIEUX Senior Independent Supervisory Board member	✓	2013 AGM	Chairman of Notus Technologies	Appointments, Compensation and Governance Committee (Chair), Finance and Audit Committee
Anne VALLERON Employee shareholder representative (appointed pursuant to Article. L. 225-71 of the French Commercial Code)		2013 AGM	Employee	Appointments, Compensation and Governance Committee, Finance and Audit Committee
Florence VERZELEN Permanent representative of SOGEPA (Appointed on the State's proposal)		2014 AGM	COO of Engie Europe and CEO of Engie Russia	Finance and Audit Committee, Asia Business Development Committee
GOVERNANCE INDICATORS	50%			

AGM: Shareholders' Meeting; SB: Supervisory Board; Strategy Committee; CNRG: Appointments, Compensation and Governance Committee; Finance and Audit Committee; Asia Business Development Committee.

The AFEP-MEDEF recommendation concerning the proportion of independent members has been fulfilled, i.e. 50%.

The Members of the Supervisory Board are appointed for a four-year term (apart from Ms Knapp, whose six-year term had already begun when the Articles of Association were modified in 2011).

Advisor to the Supervisory Board

Advisors to the Supervisory Board	Date of first appointment
Frédéric BANZET (Appointed on the proposal of the Peugeot family group)	SB 29/07/2014
Aymeric DUCROCQ (Appointed on the State's proposal)	SB 28/07/2015
WEI Wenqing (Appointed on the proposal of DONGFENG)	SB 28/07/2015

Pursuant to the Shareholders' Agreement to which the Company is a party, each of the three main shareholders may request that they have a non-voting advisor at the Supervisory Board meetings. The Peugeot family group opted for an advisor in 2014. In July 2015, the State and DONGFENG also opted in and the number of advisors has increased from one to three. In accordance with the Internal Rules of the Supervisory Board, the advisors are appointed by the Supervisory Board for a four-year term.

In accordance with the law, meetings of the Supervisory Board are also attended by one non-voting member of the Peugeot S.A. Works Council.

INDEPENDENCE OF BOARD MEMBERS

Following preparatory work by the Appointments, Compensation and Governance Committee, the Supervisory Board reviewed the position of each of its members with regard to the independence criteria selected by the Company (Art. 9.4. of the AFEP-MEDEF Code) at its meeting on 23 February 2016:

- not be an employee or Executive Director of the Company, or an employee or director of its parent company or of a company which it consolidates either currently or in the last five years;
- not be an Executive Director of a company in which the Company holds directly or indirectly a director term of office or in which an employee designated as such or an Executive Director of the Company (either currently or in the last five years) holds a director term of office;
- not be a core client, supplier, investment banker, corporate banker of the Company or its group, or for which the Company or its Group represents a significant part of its business;
- have no close family ties with a corporate officer;
- not have been a Statutory Auditor of the Company in the last five years;
- not have been a company director in the last 12 years.

Based on these criteria, the Supervisory Board considers six members to be independent: Patricia Barbizet, Pamela Knapp, Louis Gallois (Chairman of the Supervisory Board), Ms Catherine Bradley, Geoffroy Roux de Bézieux (Independent Reference Member) and Henri Philippe Reichstul. This puts the proportion of independent members at 50% (Members of the Board representing employees or employee shareholders are not included when calculating this percentage in accordance with the AFEP-MEDEF Code).

Diversity policy

The Board frequently examines the balance that it strives to achieve among its members and those of its committees in light of its composition, changes in the Company's ownership structure and diversity within the Board. The Board currently has six women and eight men, or a 46% ratio of women (stable since 2014). The employee representative is not taken into account in calculating this percentage (article 6.4 of the AFEP-MEDEF Code).

The Board intends that the percentage of women and independent members in its midst will not fall below this level. The Supervisory Board also has four members of foreign nationality (Pamela Knapp, Zhu Yanfeng, Henri Philippe Reichstul and Liu Weidong), and all non-employee members have experience within an international organisation. The Board intends to have an increasingly international dimension by bringing on-board foreign members or members with extensive experience abroad. The Board already has 29% of non-French members.

The Group is also assembling a wide range of skills and talents required for its expansion (these skills and talents are discussed further in Chapter 1 of this CSR Report).

This balanced membership ensures the quality of the debates and decisions taken by the Supervisory Board.

Please refer to section 3.1 of the Registration Document for further developments about the Supervisory Board's composition (introduction of the members, developments in 2015, performed terms, statements on conflicts of interest, family ties, etc.).

All corporate officers have declared, as they do every year, that none of them has:

- been convicted of any fraudulent offence in the last five years;
- been a corporate officer of a company that has been declared bankrupt, or placed in liquidation or receivership in the last 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 last five years.

6.4.3. Conflict of interests within Managing and Supervisory bodies

G4-41

The corporate officers have declared that no conflict of interest occurred during 2015 between their obligations to Peugeot S.A. and their personal interests or other obligations, and that none existed at the date of this report.

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.

Procedures to prevent conflicts of interest are set forth in the Internal Rules of the Supervisory Board (these procedures are described in section 3.2 of the Registration Document): *"any member of the Supervisory Board who finds him or herself, even potentially, either directly or via an intermediary, in a conflict of interest situation with regard to the corporate interest, must notify the Chairman of the*

Supervisory Board, or any person appointed by the Chairman. They shall refrain from taking part in decision-making on related issues, and as such may be asked not to take part in the vote."

All corporate officers have signed up to the Stock Market Code of Ethics. It aims to define the preventive measures authorising members of the Supervisory Board, Managing Board and/or Advisors to the Supervisory Board to intervene on Peugeot S.A. and/or FAURECIA shares, in line with market integrity rules (reminder of confidentiality obligations and the obligation to refrain from such activity in the event of access to inside information and the applicable penalties, declaration obligations, definition of blackout periods, inclusion on the list of permanent insiders, etc.). It is available in full on the Group's website. They are periodically reminded of these obligations by the Company. An identical Stock Market Code of Ethics applies to members of the Executive Committee.

6.4.4. Handling and reporting of critical events

G4-49

G4-50

Critical events are handled and reported according to a structured process:

- for events related to product quality, there is a dedicated process through the Quality Division;
- for the management of crises not involving product quality, the process is formalised in a summary document updated in 2015. This document specifies the criteria for assessing triggering of the crisis, the people to contact, the composition of the management team and the appointment and management procedure of the team. This document can be rapidly and easily accessed by members of the Executive Committee through different means (laptop, tablet, mobile phone).

In addition, for all events that expose the Group to a significant risk, the Chairman of the Management Board, the Director of the Risk Management and Audit Department or the "Statutory Auditors" refer the case to the Finance and Audit Committee of the Supervisory Board and inform the Supervisory Board if necessary.

Lastly, in accordance with the Internal Rules of the Supervisory Board, "the Supervisory Board is alerted by the Managing Board as soon as possible in the case of an external event or internal developments which significantly jeopardise the Company's outlook or the projections submitted to the Supervisory Board".

In 2015, no critical event occurred with respect to the management of crises not related to product quality.

6.5. INTEGRATION OF CSR INTO GOVERNANCE

6.5.1. Organisation, delegation and appointment process G4-34

The structure of the Group's corporate governance is described in Chapter 3 of the Registration Document and in Chapter 1 of the CSR report.

Chapter 3 of the Registration Document contains information about the current or past experience of members of the Board and Managing Board and the date of their recruitment.

The Board comprises diversified profiles in terms of gender, expertise and country of origin of members.

6.5.2. CSR Performance of governance bodies

In section 3.2 of the Registration Document, you are reminded that the Supervisory Board dedicates an item on its agenda once a year to a debate on its operation and reports back on these evaluations in the minutes of the meeting concerned.

At least once every three years, a formal evaluation takes place. It is performed by the Appointments, Compensation and Governance Committee, with the assistance of an external consultant if required. The shareholders are notified every year in the annual report of the performance of the evaluations and any follow-up measures. A meeting of the members of the Supervisory Board is held once a year to assess the performances of the Managing Board and reflect on its future.

The annual assessment of the performance of the Supervisory Board and its Committees was carried out in November 2015 by an external firm (Spencer Stuart).

In April 2015, the Supervisory Board reviewed the Group's Corporate Social Responsibility programme in accordance with recommendations of the financial market authorities (AMF).

According to the 2015 ranking established by the consultancy firm Ethics and Boards, PSA ranks 39th for the number of women in management bodies. In 2015, it was at the head of the French ranking for the proportion of women on the Board, after it established gender parity in the Supervisory Board and the Compensation and Appointments Committee. In this criteria, PSA is in the lead in the global automotive sector, followed by GM.

Furthermore, the Managing Board's CSR performance is measured through objectives assigned to its members. For example in 2016, the members of the Managing Board have a target based on vehicle quality which represented 20% of their target bonus. As for the Chairman of the Managing Board, a target on workplace safety and sustainable mobility issues (CO₂ emissions: corporate average fuel efficiency, 50% Europe / 50% China) makes up 10% of his variable compensation.

6.6. SCOPE AND METHODOLOGY OF REPORTING

Reporting methodology

The governance and ethics indicators set out above correspond to the application of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code and the recommendations of the Global Reporting Initiative (GRI). A cross-reference ratio with GRI G4 indicators and a cross-reference ratio pursuant to the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) are included at the end of this report.

The reported data concern the production plants, the research and development centres, the main office sites, the Peugeot and Citroën Retail dealership networks and the activities of BANQUE PSA FINANCE (BPF).

Consolidation scope and coverage rates

The reporting scope for joint ventures does not include subsidiaries jointly owned with other carmakers or joint ventures accounted for by the equity method, due to the lack of exclusive control.

In these joint ventures, PSA exercises its role as shareholder and industrial partner in a perspective of long-term development.

PSA owns a stake in these joint ventures or joint operations:

- TPCA, located in Kolin in Czech Republic, in joint operation with Toyota;
- DPCA, located in Hubei Province (Wuhan and Xiangyang), China, in joint venture with DONGFENG MOTOR CORP.;
- CAPSA, located in Shenzhen, China, in joint venture with China Changan Automobiles;

- Sevelsud, located in Val Di Sangro, Italy, a joint operation with Fiat;
- PCMA Automotiv RUS, located in Kaluga, Russia, in cooperation -with Mitsubishi Motors Corp.

However, PCMA Automotiv RUS, located in Kaluga, Russia, a joint operation with Mitsubishi Motors Corp., is included in the reporting scope because PSA has a 70% stake in its shares.

With respect to the scope for the Banking division, the BANQUE PSA FINANCE data are included in this reporting.

The coverage rate of the data in this chapter is 100%.

The data presented in this chapter have been audited by an independent body, the firm Grant Thornton, using the methods set out in appendix 8.



7

THE GROUP'S COMMITMENT TO SOCIETY







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PSA has identified five key CSR issues with an impact on the Group's host communities and society at large:

- involvement in host communities;
- socially responsible mobility;
- consumer personal data management;
- responsible marketing;
- sponsorship and philanthropy.

These five issues are described in section 1.3.2.1 of this report. In response to these issues, PSA is pursuing the initiatives presented below.

SCOREBOARD

 CSR ISSUES	 COMMITMENT	 AMBITION 2025	 TARGET 2015	 RESULTS/ POSITION FOR 2015	 EXPECTED RESULTS/ACTIONS 2016
SOCIALLY RESPONSIBLE MOBILITY	Enhance the Group's outreach initiatives in the area of access to mobility.	The PSA Foundation is a benchmark player in socially responsible and sustainable mobility in the countries where the Group has manufacturing operations.	Continue with the roll-out of socially responsible mobility platforms under the Mouve' Up programme.	<u>Target met:</u> 7 new socially responsible mobility platforms were produced as a spin off from the programme.	Support 10 solidarity garages demonstrating integration through economic activity.
SPONSORSHIP AND PHILANTHROPY	Develop partnerships with municipalities and entities or organisations active in social integration in the Group's host communities and countries.	Strengthen support for sponsorship and philanthropy actions among Group employees.	10,000 people are beneficiaries of social integration initiatives pursued by the PSA Foundation in France.	<u>Target met.</u>	Begin the launch of vehicle services for vulnerable populations (Base of the Pyramid).
CONSUMER PERSONAL DATA MANAGEMENT	Use customers' personal data with care across all marketing and sales activities.	PSA is recognised as a benchmark corporate citizen in terms of its respect for consumer privacy.	Commitment to the integration within CRM applications of new regulatory developments planned for 2018.	<u>Target met.</u>	Integrate the anticipated European regulatory developments into a long-term compliance project in our systems.
RESPONSIBLE MARKETING	Ensure that all the Group's marketing efforts comply with the UDA's Charter of Responsible Communication Commitments for Advertisers.	An environmental and socially responsible dimension to the image of the brands, and their products and services, that is recognised by customers.	nc	nc	For the Group's main passenger vehicle models, publication on the brands' websites of their fuel consumption and CO ₂ emissions in real driving conditions.
INVOLVEMENT IN HOST COMMUNITIES	Issue addressed through the management of jobs and skills, philanthropy, procurement practices, road safety, etc.				

7.1. INVOLVEMENT IN HOST COMMUNITIES

G.34 G.35 G4-EC7 G4-EC8 G4-SO1

PSA employs over 182,000 people worldwide. Very often, the Group is one of the leading private employers in the regions where it has manufacturing operations. As a core economic player, the Group assumes its social responsibility commitments in its various host communities:

- by requiring its production sites to use local suppliers (see section 4.2.3);
- by exercising responsible management of structural transformations (see section 3.2);
- by developing and maintaining economic activity at the local level (see section 3.2.1 – § “A reindustrialisation commitment” and section 4);

- by developing scientific and technical skills and knowledge at the local level (see section 2.0 – §: “the Stellab network”);
- by developing technologies that have shown a proven ability to make automobiles safe and undertaking safe driving awareness campaigns (see section 2.3.3);
- and by engaging in the sponsorship and philanthropy actions described below.

For all of its developments or projects for the establishment of operations, the Group involves its stakeholders in the examination of economic, social and environmental impacts.

7.2. GROUP STRATEGY IN THE AREA OF SPONSORSHIP AND PHILANTHROPY

G.35 G.37

7.2.1. Group policy and priorities

The Group's policy relating to its philanthropic actions addresses two challenges for its host communities and society at large:

- Socially responsible mobility:

The Group is firmly convinced that mobility is an important global challenge faced by society and a fundamental right. It has an effect on everyone's lives and is a key driver for economic development. It underpins independence, progress and innovation. After more than 100 years of automobile mobility, the Group 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 automobile manufacturing competencies.

PSA demonstrates its ongoing commitment to socially responsible mobility through its corporate foundation, created on 18 June 2011. Defined by its motto “A World on the Move”, the PSA Foundation lends its support to projects putting mobility to work to promote social integration, strengthen social ties and expand access to culture and education.

This commitment is embodied in actions informed by the research and pilot projects carried out by staff at the Group's City on the Move Institute (IVM). Experiments pursued in the area of access to mobility (described in Chapter 2 of this CSR Report) allow the Group to explore new business models.

The projects supported by the Foundation are put forward by public interest organisations around the world, with special emphasis on the Group's areas of development. 82% of projects were located in France and 18% abroad. The Foundation's activities are backed by a five-year budget of €10 million;

- Sponsorship and philanthropy to grow strong local roots:

Support given to organisations or associations located very near the Group's employee pool strengthen the bond between it and its environment. This outreach is the result of its desire to become involved in the world beyond its own walls. These convictions are given shape by actions in all countries where the Group operates. They involve initiatives pursued by the brands PEUGEOT, CITROËN and DS, but also by the Group's manufacturing sites and office facilities, which have been supporting local development actions since 2005.

Details provided in this document concerning these initiatives are based on information found in the Foundation's databases and in the communications materials produced by the sites and the brands. The PSA Foundation works in close collaboration with its network of local correspondents, so as to lend its support to mobility projects put forward by organisations.

7.2.2. Summarised statement of contributions

2015	Monetary contribution	Time volunteered by employees calculated in terms of equivalent hours paid	Donations in kind	Overhead expenses	TOTAL	
Activities of the PSA Foundation	€1,700,000	-	€250,780	€242,310	€2,193,090	27.8%
Philanthropic activities of the Group's sites, brands and subsidiaries	€1,000,640	€26,763	€218,000	-	€1,245,403	15.8%
Business initiatives of the Group's brands	€4,442,000	-	-	-	€4,442,000	56.4%
TOTAL	€7,142,640	€26,763	€468,780	€242,310	€7,880,493	
	90.6%	0.3%	5.9%	3.1%		

7.2.3. Evaluation of the Group's philanthropic policy

The community benefits of the Group's philanthropic policy are presented in the scoreboard in the introduction to this chapter.

7.3. SOCIALLY RESPONSIBLE MOBILITY: THE FOUNDATION'S INITIATIVES G.35 G.37

7.3.1. The Foundation for "A world on the move"

The PSA Foundation lends its support to projects in the area of socially responsible mobility. 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.

GOVERNANCE BODIES (ESTABLISHED ON 11 JULY 2011):

- Board of Directors: composed of nine members (two founders, four representatives of Group entities and three independent experts) and chaired by the Chairman of the Group's Managing Board, with Marie-Hélène Roncoroni, a member of the Supervisory Board, as Vice-Chairman.
- General Delegation of the Foundation a team led by a General Delegate and reporting to the Group's Corporate Communications Department.

The Foundation regularly monitors its activities and makes assessments on the anniversary of each project's sponsorship. The Foundation provides continually updated financial tracking throughout the year, including a balance sheet provided in its Activity Report, available since January 2015 on its website.

(<http://www.fondation-psa-peugeot-citroen.org/fr/publications/>).

PROJECT SELECTION PROCEDURE

Only projects relating to mobility or social integration are accepted for consideration by the Foundation. Each project's details are recorded in a standardised description sheet. For each case, the Foundation's staff prepares a scoresheet for assessment on six criteria: the relevance of the initiative, its innovativeness, project management, the societal impact of the project and the number of beneficiaries, the degree of involvement of the sponsor (if the project is sponsored by an employee) and the location of the project. The same scoring method is used to review all proposals. Projects with budgets up to €80,000, or €100,000 in the case of multi-year projects, are submitted for review by a selection committee whose members are named by the Foundation's General Delegation. For projects with higher budgets, the Foundation's Board of Directors is the deciding body.

The initiatives come from non-profit organisations, NGOs and employees, or grow out of projects supported by the Group's plants and facilities. Applications are submitted online on a website in two languages (French and English).

OVERVIEW OF FOUNDATION ACHIEVEMENTS SINCE ITS CREATION

The Foundation has provided support in the form of funding, equipment, and volunteer time to over 400 projects, drawing on a network of some 30 local delegates and around 180 PSA employee sponsors.

RESULTS IN 2015

At 31 December 2015, the Foundation had donated a cumulative total of €9.1 million to various public interest organisations. In 2015, donations totalling €1.9 million were paid to support 87 projects in three main areas:

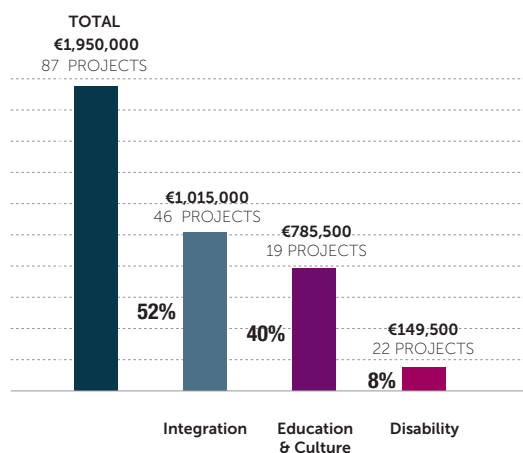
■ "mobility and integration": this refers to initiatives to help people join the workforce or highly disadvantaged people;

■ "mobility and educational and cultural action": these programmes use mobility to promote equal opportunity and give at-risk youth a second chance;

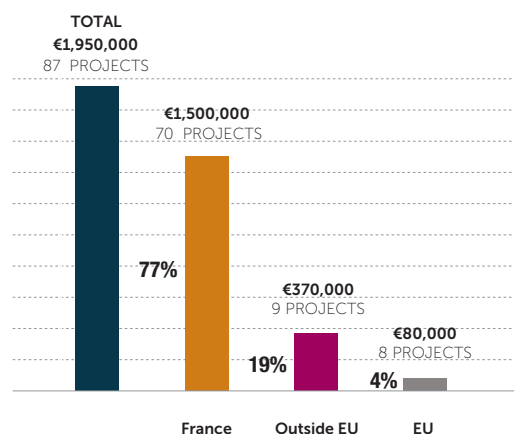
■ "mobility and disability": the goal of this programme is to increase autonomy and improve the quality of life for disabled persons.

DISTRIBUTION OF BUDGETS ALLOCATED IN 2015 BY THE FOUNDATION

Distribution by category of budgets allocated in 2015 by the Foundation



Distribution by region of the budgets allocated by the Foundation in 2015



THE FOUNDATION AWARDS

Recognising the Group's workforce as a unique resource to provide leadership in host communities in line with the Foundation's goals, an annual awards ceremony has been held each year since 2013 to honour individual achievements and encourage further volunteer participation by the men and women of PSA in service of organisations or projects relating to mobility. The year 2015 was the third time that the Foundation Awards were given to encourage the Group's employees throughout the world to become involved in mobility projects. A jury judged the 50 applications received and selected 17 which were awarded €5,000 and three which received €10,000. This year, nearly 15,000 online votes were received for the Grand Prize – "the Online Favourite" – which was opened up to all Internet users for the first time and no longer just to employees. This strong level of involvement of the Group's employees in the Foundation Awards illustrates once again the adoption of the Foundation's values and goals at all Group sites as well as PSA's commitment to its responsibilities as a corporate citizen, fully mindful of its impact and role within society.

THE CITY ON THE MOVE INSTITUTE (IVM)

Since 2000 the Group has funded this think tank, which it created to carry out research and experimentation in social innovation, focusing on urban mobility and access to mobility. *The City on the Move Institute*, which brings together scientists, sociologists and urban planning specialists, has become a key player in research and innovation relating to socially responsible and sustainable mobility. The IVM carries out its work in France and throughout Europe, in Latin America and in China. Its findings are used by the PSA Foundation to structure its activities. These actions are described in section 2.0.2.1 of this report.

PSA allocated a budget of €1 million to IVM in 2015.

7.3.2. Socially responsible mobility projects

7.3.2.1. MOBILITY AND INTEGRATION

The Foundation supports organisations active in rural communities or in outlying urban areas who work closely with social agencies and local authorities to put in place socially responsible mobility solutions in aid of people referred by social services. The goal is to remove the mobility obstacles for the unemployed to receive training or find a new job. At 31 December 2015, the Foundation had helped over 40 structures active in the area of socially responsible mobility throughout France. These structures are of various types:

- **Socially responsible mobility platforms** – These platforms offer a range of different mobility services for specific communities: mobility evaluation and advice, rental of vehicles at a special rate, transport on demand, access to driver licences, etc.

In close collaboration with FARE, the French federation of driver education associations, which it has supported since 2012 and with whom it has recently joined forces to further the work of the *Laboratoire de la Mobilité Inclusive* (a French research unit focusing on inclusive mobility solutions), the Foundation's significant contributions have helped give rise to and define mobility platforms. This is the reason for the Mouv'Up! programme, which was launched in 2013 and has created some 15 mobility platforms which were being consolidated or developed as of the end of 2015.

- **Solidarity garages** – The Foundation supports these community garages aimed at welfare recipients. They allow people to have vehicles repaired, rent or buy them at low cost. These garages also hire the unemployed to help them return to the workforce. In 2015, the Foundation supported 4 solidarity garages in France. These include *"Convergences Plurielles – solidarity garages in Hainaut"* and *"Roule ma frite 31"*.

- **Inclusive driving schools** – The Foundation supports reduced-rate driving schools for the long-term unemployed, welfare recipients and struggling youth. With the help of targeted instruction methods and pricing, these schools give them open access to tests for the BSR safe-driving certificate, rules of the road and driving licence. They are a powerful tool for social and professional integration. The Association Assim'il which operates in the Ardennes region of France is one of these schools.

- **Solidarity car rentals** – Being able to hire a car at a lower cost can help a person find a job or become qualified for one. The Foundation supports organisations providing this type of community service. These include the associations *Carbur'emploi* and *AIIPAM*.

- **Transport on demand** – Transportation on demand services make getting about easier for low-income people and/or those isolated in rural communities or outlying urban areas with poor public transportation, and strengthens social ties.

- **Mobile services** – The Foundation has joined forces with structures working to restore social ties for communities facing the threat of isolation.

In late 2012, the Foundation launched its "Red Cross on Wheels" project, in partnership with the French Red Cross. The main objective is to bring the two entities together to aid in the fight against isolation on a national scale in France. This nationwide initiative aims to reach out to isolated families and individuals in response to the country's

higher rates of poverty, ageing population, scaled-back local public services, and the isolation of certain areas of the country. In 2013 this three-year-old partnership became concrete when mobile care units were created with financing from the Foundation. These units fill basic needs like food and clothing, but above all they offer a place to go, to be listened to and where there is psychological support. This initiative is part of the new roadmap drawn up by the French Red Cross, which seeks to develop new ways of providing care while encouraging autonomy and to diversify its actions. The partnership continued in 2015 with the funding of five new units which were added to the initial ten supported by the Foundation, bringing its total support to €825,000.

Over the 4 years of its existence, the PSA Foundation has confirmed its role as an expert in inclusive mobility solutions. Backed by the research and experimentation activities of the City on the Move Institute, since March 2014 the Foundation has taken part in the work of the *Laboratoire de la Mobilité Inclusive* alongside key players in this area, including companies (Total, Michelin, Macif, Transdev, etc.), NGOs (Secours Catholique, the Red Cross, Wimoov, FACE, etc.), institutions (Pôle Emploi, FASTT, CNML, etc.) and a federation (FARE). In 2015, the Foundation progressed the work begun by the working groups in 2014 (Mobility Advice, Advocacy) and launched three new working groups: a "transport/mobility" offering, the roll-out of a public mobility service and finally a digital inclusive mobility service (state of the art, ideas and moving forward priority initiatives, etc.).

On 15 June, in partnership with the Macif Foundation, the Foundation launched a call for projects *"Fragiles et mobiles"* on the website www.fragiles-et-mobiles.com. The Macif Foundation and the PSA Foundation thereby reaffirmed their view that mobility fosters social connections and self-fulfillment for all. The total donation of €300,000 was allocated to around 20 projects selected by a panel of experts in November 2015.

Beyond the high-profile media coverage of new mobility services in core cities, vulnerable and isolated populations in marginalised communities are inventing new models to improve their access to automobility. Today, the Foundation is a key participant in all these experiments to guide the Group's strategy with respect to these core social innovations.

7.3.2.3. MOBILITY AND EDUCATIONAL AND CULTURAL ACTION

In 2015, the Foundation supported 19 projects relating to education and culture. Cultural projects supported by the Foundation occur mostly on French soil.

- **Education** – The Foundation believes that by using mobility to give underprivileged youth greater access to education, it is also promoting equal opportunity or giving them a second chance. This is why it works hand-in-hand with community organisations focusing on these issues, in both urban and rural areas. Outside France, the Foundation has focused its educational programmes around the subject of road safety. In 2015, the Foundation lent its support to a fun educational kit created for disabled youngsters by the French road safety association which was distributed throughout France by the local Road Safety committees and the Medical Education Institutes (IME).

■ **Culture** – The aim is to bring culture to those who find it hard to access or cannot get out and about. In 2015, the Foundation entered a partnership with the Louvre in Paris with the aim of creating a new space – the “*Petite Galerie*” (Small Gallery). This is a permanent multidisciplinary space, the first of its kind, dedicated to providing art and culture education to those whose lives have not been touched by culture. The *Petite Galerie* also offers travelling exhibitions to companies, hospitals, schools and community centres, etc.

7.3.2.4. MOBILITY AND DISABILITY

In 2015, the Foundation supported 22 initiatives in France and abroad that offer mobility solutions to the physically and mentally disabled, so that mobility is no longer an obstacle but a springboard to greater independence and an improved quality of life.

7.4. SPONSORSHIP AND PHILANTHROPY TO GROW STRONG LOCAL ROOTS G.35 G.37

7.4.1. Local philanthropic investment

PSA is a key player in the local economies of its host countries, and as such strives to be a responsible corporate citizen in the communities where it lays down strong roots. Sponsorship and philanthropy actions pursued by the Group's sites or its brands thus allow them to lend their support directly to local structures in areas related to the Foundation's main focus, socially responsible mobility.

These local initiatives have often been replicated by the Foundation since it was created in 2011, whenever they relate to socially responsible mobility. They serve as a means to promote dialogue with stakeholders in host communities and enhance the Group's

reputation and image. They foster local development and deepen the involvement of the Group's sites in these communities.

Group employees are very actively involved in all local initiatives. They are often encouraged to participate as volunteers in the actions of local organisations.

Always with the aim of growing strong roots in these communities, the three brands – CITROËN, PEUGEOT and DS – and all the Group's sites themselves define the type of partnerships they build with local organisations. The common thread running through all these partnerships is local development and the importance of proximity.

7.4.2. Local sponsorship and philanthropy actions

ACTIONS BY THE BRANDS AND THE GROUP'S SITES

Sponsorship and philanthropy actions pursued by the Group's sites or its brands thus allow them to lend their support directly to local organisations in areas related to the Foundation's main focus, socially responsible mobility. In response to stakeholder concerns, these partnerships develop concrete local projects that are useful for everyone.

Actions by the brands

Brands support associations everywhere in the world, with local representatives choosing which ones to support. Examples include:

- **PEUGEOT Poland** created the “PEUGEOT SANS BARRIERES” [PEUGEOT for all] programme with its own website (<http://www.peugeotbezbarrier.pl/>) to help people with mobility problems to get behind the wheel.
- **PEUGEOT Argentina**, via its “IMAGINATION BY PEUGEOT” programme, undertook to create social value through different educational and environmental protection initiatives. PEUGEOT Argentina ran a number of training and awareness initiatives with the help of carefully selected experts in each of the fields:

- the **VALORES PARA CRECER** (“Values for growth”) foundation promotes the integration of young people into the workplace by teaching them about expected behaviours such as proactivity and team work;
- the **PESCAR** (Fishing) foundation sets up job training workshops to provide invaluable assistance to vulnerable young people looking to enter the job market;
- the **REVOLUCION 21** foundation fosters sustainable development in Latin America by teaching the public about climate change and proposing initiatives to slow down the changes and preserve the continent's natural resources;
- the **INECO** foundation fosters the development of neuroscience worldwide by supporting university projects aimed at improving the prevention, detection and treatment of neurological disorders and providing scientific training for the professionals and educating the public.

PEUGEOT Argentina also supports the **CONSEJO NACIONAL PUBLICITARIO**, a not-for-profit organisation dedicated to the creation and dissemination of public interest campaigns aimed at raising awareness and changing behaviours on topics of general interest.

- Since 2014 **CITROËN** has been a partner of the *BACCIGALUPO* foundation which offers sports activities to young people with learning difficulties. The racing driver, José María López, is a patron of this foundation. CITROËN organised a co-driving session with him for young people in the C-Elysée WTCC.
- **CITROËN Denmark** supplied four CITROËN vehicles in which Red Cross ambassadors travelled the length and breadth of Denmark in May 2015 to collect unused clothing. This initiative was picked up by CITROËN dealers who organised simultaneous collections in their showrooms. This was the largest collection ever made in Denmark and a total of 1,421 tonnes of clothes were collected. At a gala evening broadcast on the TV, viewers who pledged a donation by text had the opportunity of winning a Citroën C1 or a Citroën C4 Cactus. A total of over 4 million Danish Krone was pledged by text.
- **CITROËN UK**, the Citroën C1 and singer Foxes successfully completed a Guinness World Record with a fundraising event for *TREKSTOCK*, an association which helps young people with cancer. In May 2015, the singer gave seven concerts in seven UK cities in less than 12 hours at the wheel of a Citroën C1 which, once the record was achieved, was gifted to the association.
- **CITROËN Italy** organised a charity auction for a Citroën C4 CACTUS GIALLOROSSA in aid of the *ONLUS ROMACARE* association and provided the association with its own area at a Racing event.
- Since 2009, **CITROËN Argentina** and the CSEVI Argentina have been running a road safety awareness programme which aims to educate the public through different initiatives and training sessions with a view to reducing the number of road accidents (<http://www.programa-acs.com.ar/>).
- In 2015, **CITROËN Slovakia** supported a number of projects aimed at developing culture and sports in Slovakia. Among the sports initiatives, CITROËN supports the organisation *DETSKA TOUR PETRA SAGANA* which organises cycle rides for children and young people. In terms of culture, CITROËN Slovakia supported two initiatives to develop alternative theatre – *CIRKULART* (festival of the new circus) and *KREMNICKE GAGY* (theatre festival).
- **DS Germany** has partnered the *DS SAILING CUP – THE ROSE OF CHARITY* to raise funds for people with leukaemia. In 2015, DS provided financial sponsorship for the cup and also transport vehicles (<http://roseofcharity.de/>).
- **DS Denmark** supports the fight against cancer. During the gala evening broadcast on television in October 2015, viewers could pledge donations to try to win a DS 3. More than 145 million Danish kroner (€20 million) were raised and the DS 3 was the prize which attracted the greatest number of pledges.
- The **Poissy** site has been an active participant in the PLATO VAL DE SEINE programme, run by the Chamber of Commerce and Industry for the Yvelines Department, since 2001. The site has appointed two executives who offer group coaching to managers of VSE/SMEs in the Vallée de Seine region to help them improve their companies' performance. Each programme involves a two-year commitment between the businesses receiving assistance and the managers offering skills-based sponsorship.
- Back in 2011, PSA in **Argentina** launched its *GUARDIANES DE LA EDUCACION* programme (<http://psa-peugeot-citroen.com.ar/rse/educacion/>). The Group uses this programme to help improve the quality of technical training: to date, more than 200 vehicles have been given to schools and universities and the Group also provides technical training for the teachers and lecturers. The Ministry for Education has awarded this programme national interest status.

ACTIONS BY SUBSIDIARIES

Peugeot Cycles

Peugeot Cycles is exploring new and innovative mobility solutions attuned to the transformations at work in society and in the urban environment. For example, the company set up an experimental self-service facility offering electric bicycles at PSA's registered office, for use by employees. Upon the completion of this experiment, the bicycles were donated to BICYCL'AIDE, a cooperative, with the twin aims of creating permanent jobs and promoting bicycle use, where they were given a new lease of life. The electric bicycles offered by Peugeot Cycles are now used to train future cyclists and technicians, for mobile demonstrations and for the delivery of recycled spare parts.

BANQUE PSA FINANCE (BPF)

The head office management of BPF encourages all its entities in France and around the world to sponsor worthy causes. The joint companies created in 2015 under the agreement signed on 19 July 2014 between BANQUE PSA FINANCE and Santander Consumer Finance are not included in this initiative:

- In 2015, **BPF in Belgium** gave furniture and office supplies to a number of different schools.
- **BPF in the Netherlands** supported the activities of different associations in 2015, notably donating €2,500 to the "Sophia Kinderziekenhuis" children's hospital and helping to fund assistance dogs for the blind and disabled.
- In 2015, **BPF in Poland** continued to donate mobile telephones and office furniture to an organisation for the blind that operates a school and educational centre serving blind children in Laski, near Warsaw, and volunteer teams from the subsidiary helped to renovate the centre. On the instigation of subsidiary employees, BPF in Poland also supported the "Colis de Noel" association which provides Christmas packages to disadvantaged families.

Actions by the group's sites

The local initiatives, put in place by the Group's sites several years ago, have often been replicated by the Foundation since it was created in 2011. They serve as a means to promote dialogue with stakeholders in host communities and enhance the Group's reputation and image. They foster local development and deepen the Group's involvement in the communities. Group employees are very actively involved in all local initiatives. They are encouraged to participate as volunteers in the actions of local organisations or lend support to local events.

THE PEUGEOT INDUSTRIAL HERITAGE FUND

As a core industrial player in France for many years, the Group supports, via the Peugeot Industrial Heritage Fund, the Terre Blanche Archives Centre. Inaugurated in September 2010 and financed by an endowment fund, this centre's mission is to offer a home for archival materials from all the Group's production plants and office facilities. After a top-to-bottom renovation to restore features typical of 19th-century industrial architecture, the building now houses a rare collection of historical records, photographs, technical drawings and unusual artefacts that have been brought together

for safekeeping. The Terre Blanche Archives Centre also opens its doors to historians, researchers and students interested in viewing its archives. The fund continues 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. In 2014, the centre's staff helped organise Wartime Manufacturing, an exhibition commemorating the centenary of the First World War.

7.5. INFORMATION AND RESPECT FOR CUSTOMERS G4-SO11

7.5.1. Management of Customers' personal data

Customer satisfaction is a strategic issue for the Group because it is a prerequisite for loyalty. It requires in-depth knowledge of the needs of customers and inevitably requires the collection and transmission for analysis of their personal data. In fact, personal data provided by customers is essential to building and maintaining ties between customers and the organisation. It is this data that allows the relationship with the customer to be personalised to an extent that would not otherwise be possible.

The growing use of the Internet, and that of information and communication technologies in general, continues to expand opportunities for the transmission of personal data, which is a source of concern for consumers.

The proper management of customers' personal data is both an issue of trust and one of competitiveness. This proper management is also the "fuel" necessary for the digital economy to function correctly. If the collection of personal data has become indispensable for many companies, the transmission of this data presupposes that the consumer has confidence in the use that will be made of this data and is convinced that the data will be neither used or disclosed for purposes other than those for which it was collected nor in an illegal or abusive manner.

The Group has already taken the main elements of the proposed European regulation, supported by consumer representatives, into account in changes it has made to its working practices (full roll-out of the opt-in, business practices to inform the customer about the processing of their personal details, handover of networked vehicles which encourage the explanation of the new communication methods and how they can be deactivated).

The Group is working to ensure a standard approach across the Group for the collection and administration of personal data in the management of relations with customers. Specifically, it is standardising all the "data protection" statements in its various contractual documents: purchase orders, after-sales services, networked services, Internet forms, etc. An internal database of best practices has been created and disseminated; the "IT regulations" have been updated to include helpful recommendations.

The Group is also running employee training and awareness sessions which are also offered at the points of sale. Having been rolled out for senior managers and executives in 2014, a dedicated e-learning module was taken by more than 1,800 employees in 2015. The Group is taking part in working groups along with other industry players and regulatory authorities to promote exchanges of best practices.

The Group also stipulates in its contracts that its partners and suppliers must demonstrate the same level of commitment to data protection.

Alongside this, the Group is constantly improving the security of its data storage and exchange networks and uses the latest cybersecurity techniques to protect itself from malicious intrusion.

7.5.1.1. COMPLIANCE WITH CONSUMER PRIVACY REGULATIONS

G4-SO8 G4-PR8

PSA has launched an active monitoring process to prepare for the arrival of this new 2016 European regulation. This essentially involves:

- stepping up the companies' commitments: the appointment of a Data Protection Officer; the introduction of "privacy by design" and "privacy by default" principles, stricter notification of security loopholes, etc;
- reinforcing an individual's data rights: their right to be forgotten, their data portability rights, better transparency and systematically notifying individuals of their rights and who collects and processes their data; obtaining the customer's clear consent to use their data;
- stepping up the controls and sanctions by the regulatory authorities (as a percentage of worldwide revenue).

Infringement of consumer privacy regulations

(The French Data Protection Act, scope: PEUGEOT and CITROËN subsidiaries)

In 2015, CITROËN and PEUGEOT were not cited for non-compliance with customer privacy legislation in any legal proceedings.

7.5.1.2 PROTECTION OF BANKING PRODUCT CONSUMERS G.41

The distribution of consumer credits which makes up about 70% of total credits distributed by BANQUE PSA FINANCE subsidiaries are subject to specific regulations that protect consumer rights. Specifically, in the European Union since adopting the Directive 2008/48/CE on consumer credit which has now been transposed by the different member countries into their domestic law.

This directive, which has created new tighter obligations with regard to advertising, pre-contractual information, creditworthiness of borrowers and contractual information, has been implemented by BANQUE PSA FINANCE and the subsidiaries and/or branches affected.

In November 2015, CREDIPAR introduced a system to identify its private customers who were experiencing financial problems, in application of the charter for banking inclusion and the prevention of excess debt adopted by the French Association for Investment Firms and Credit Institutions [*Association Française des Etablissements de Crédit et des Entreprises d'Investissement – AFCEI*]. The system, which was introduced in after-sales and debt recovery, sets out a series of predefined criteria to permit the early detection of vulnerable customers which allows it to support them and help them find solutions which will not further aggravate their financial situation. Employees working with the system received appropriate training.

More generally, in the interests of quality and improving its customer processes, CREDIPAR 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 local subsidiaries or branches of BANQUE PSA FINANCE 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.

Furthermore, CREDIPAR joined a mediation system set up by the ASF and cites contact details for the appointed ombudsman in all its credit agreements alongside those for its own Consumer Department, which is responsible for handling complaints. If a specific customer's claim receives a negative response from the Consumer Department, their details are passed on to the ombudsman.

CREDIPAR 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 best 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.

CREDIPAR takes part in ASF working groups on the protection of consumers (borrowers) and the prevention against over-indebtedness.

As the Internet has become a vital tool in the handling of customer relations, BANQUE PSA FINANCE now queries its customers online to further increase their satisfaction and improve the effectiveness of its customer service teams. For the past two years, unsatisfied customers have been contacted in order to serve them better wherever possible.

7.5.2. Responsible marketing

7.5.2.1. THE RESPONSIBLE COMMUNICATION CHARTER

In order to ensure that its advertising and marketing reflect corporate social and environment responsibility concerns, such as respect for people, the environment and awareness of the economic issues involved in buying a car, etc. – in 2007 the Group prepared a Responsible Communications Charter in partnership with the Marketing Departments at PEUGEOT, CITROËN and DS.

PSA's Responsible Communications Charter is available on the corporate website.

The Charter applies to all communications materials 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, it is distributed to Group and brand teams involved in communications, marketing, legal affairs, procurement and other processes, as well as to their vendors.

Moreover, in November 2007, PSA signed the Charter of Responsible Communication Commitments for Advertisers issued by the UDA, the professional association representing French advertisers.

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

1 - DESIGNING A RESPONSIBLE COMMUNICATIONS CODE TO COVER ALL THE COMPANY'S COMMUNICATIONS

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 The responsible communications charter	First published in 2008, this charter aims to apply the Group's corporate social and environmental responsibilities to all forms of communication to the public. It permits the sharing of best practices in communication, advertising in particular, among all entities in all countries.
2 The guide to posting on the social networks	Since 2011, Group employees have had access to guidelines to assist them when posting on the social networks. These guidelines are automatically emailed to all new starts and are available on the Group's intranet.
3 Training in online communications	In 2013, all employees likely to take part in online forums were made aware of the potential consequences of their Internet activities following the launch of a PSA blog. It was decided that all new communications staff would henceforth be trained in good advertising practices and responsible marketing via the digital channels.
4 Training in online communications	In 2014, the Communications function launched a coaching programme for staff making use of avenues on the Internet to share information.
New developments in 2015 and/or update of the tools and procedures	
1 The responsible communications charter	An email was sent to all the business lines affected by the responsible communications charter (Marketing, Communications, Events, Digital). The purpose of this email was to ensure that the charter was fully understood by all employees concerned, despite the high staff turnover in these business lines.
2 The guide to posting on the social networks	The guidelines were updated and added to in September 2015. In October 2015, to accompany the arrival of almost 2,000 apprentices, a social media awareness film was disseminated on the intranet. This was an animated film which put into practice the guideline recommendations by giving several concrete examples.
2015 figures/2016 objectives	
<ul style="list-style-type: none"> - 100% of Group employees who create communication materials for the public apply the responsible communications charter guidelines. - 100% of briefed branches receive the responsible communications charter. - 100% of Group employees have access to the guide to posting on the social networks 	
Actions underway or planned for 2016	
1 The responsible communications charter	Put the responsible communications charter online on the B2B portal (reserved for suppliers, for consultation during invitations to tender in particular) + and incorporate the responsible communications charter into the document which sets out the contractual relationship with the selected branches. (involve the Purchasing Department)

2 - INCITE THE COMPANY'S AUDIENCES TO ADOPT RESPONSIBLE BEHAVIOURS

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 CSR communication to the public	A specific CSR section was created on the PSA website enabling the Group's commitments to be made more visible: sustainable mobility, environment, involvement on the ground, actions by the PSA Foundation, etc. In April 2015, a clip presenting the Group's CSR policy was shown to shareholders at the Annual General Meeting. It is available on the Group's YouTube channel under the title: <i>Le développement durable au cœur de la performance / Sustainable development at the heart of performance</i> . An infographic was also created to give a brief visual overview of the strategic CSR challenges the Group faces. It can be found on the homepage of the Group's website under the title: <i>Les 9 engagements de la RSE / The 9 commitments of the CSR</i> . At the local level, the Group's sites were also encouraged to communicate widely on their best CSR practices. The Argentinian site created a CSR section on its website: http://psa-peugeot-citroen.com.ar/rse/
2 Promotion to the public (journalists and customers) of the best-in-class technologies	The best-in-class technologies, such as the PureTech and BlueHDi engines (CO ₂ emissions reduced by 25%) are promoted widely (e.g.: CITROËN's "Dog Stretching" video spot), as are the concept cars, which promote our sustainable technological solutions, e.g.: the ONYX instrument panel which is made from compressed old newspapers, a world première in the QUARTZ using a fabric that is digitally-woven (no cutting so no wastage) using a polyester thread made from recycled plastic.
3 Promoting the circular economy to customers	The Échange Standard line, including the majority of mechanical parts, is offered to customers of the Group's network of approved repair centres, with the same manufacturer's warranty as new original parts. This solution, which involves recovering used parts and refurbishing them without generating waste, offers customers the opportunity to join in the Group's efforts to promote the circular economy.
4 Eco-driving training for business customers.	PEUGEOT has joined forces with Mobigreen, the eco-driving training institute, to offer businesses the Peugeot Green Connect training programme. Intended for businesses, this training programme allows them to adopt eco-driving techniques by way of an e-learning module offered on a dedicated website combined with on-road training in these techniques.

Areas/Actions	Objectives and results
5 Fuel consumption tracking devices for retail customers and company car fleets	An offer of onboard services (Link MyCitroën and Link MyPeugeot) allows customers to track their fuel consumption and the carbon footprint of their vehicles through personal accounts online (MyCitroën.fr or MyPeugeot.fr) and optimise consumption for trips. The Connect Fleet Management service, distributed by the three brands, enables companies to monitor fuel consumption trends and CO ₂ emissions of each vehicle using an online fleet management tool.
6 Eco-driving and road safety awareness campaigns for employees and customers	Materials explaining the benefits of eco-driving practices were distributed to employees. In addition, the French sites organise regular road safety exhibitions and prevention initiatives. Late 2014, CITROËN created a "sustainable mobility" section on its website to offer its customers eco-driving tips and inform them about the Group's sustainable mobility strategy.
7 Provision of electric vehicles for employees' work-related travel	Electric vehicles (30 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 were set up at the Group's sites in France. A self-service station offering electric bicycles was set up at the Grande Armée site.

New developments in 2015 and/or update of the tools and procedures

1 Safe cycling awareness campaigns for employees	During Mobility Week, the Saint-Ouen plant organised a workshop by the Bicycl'Aide association for its employees. Mechanics from the association carried out bike checks and taught cyclists how to prevent and repair breakdowns. They showed them how to repair their bikes, provided advice and the right tools and touched on cycling safety topics.
2 Provision of an eco-driving tool to retail customers	All 3 brands now offer a free Monitoring Pack which includes an Eco-Driving module offering personalised eco-driving tips to help drivers reduce their fuel consumption by focusing on their driving style: acceleration, breaking, engine speed, etc.
3 Encouraging employees to get involved in solidarity initiatives	The Foundation Awards (3 rd edition) again offered an opportunity to encourage employee involvement in solidarity and educational initiatives, by giving prizes to employee patrons of organisations supported by the PSA Foundation.
4 Promotion to the public (journalists and customers) of the best-in-class technologies	An across the board advertising campaign for the "Engine of the Year" prize, awarded to the Turbo PureTech 3-cylinder 110 and 130 this year, was made available to the different countries. The "Engine of the Year" logo has been incorporated into all advertising materials and mentioned in press releases. Moreover, PSA aims to ensure that its offering systematically ranks among the best three in CO ₂ emissions for high-volume model sales in the main market segments.
5 Promotion of the best-in-class technologies to journalists	The "La Route PEUGEOT Diesel HDi" initiative, which began in Cancun, aimed to demonstrate to the journalists of Autoexplora the moderate consumption of the HDi diesel engines. The challenge was to drive 5,600 km with fewer than 5 tanks of fuel. The consumptions recorded were: 4.3 tanks for the PEUGEOT 301 HDi (4 l/100 km) and 4.5 tanks for the PEUGEOT Partner Tepee Outdoor HDi (4.9 l/100 km). The exercise established PEUGEOT vehicles as market leaders in Mexico.
6 Development of a 100% electric offering	PEUGEOT launched the Electric BOX, the first range of 100% electric mobility solutions. It offers the PEUGEOT iOn from €99/month plus a PEUGEOT electric bike to anyone trading in a diesel vehicle registered prior to 01/01/2001. The PEUGEOT iOn battery is guaranteed for eight years and PEUGEOT assistance is also offered free for up to eight years (breakdown, towing, alternative travel and accommodation are all included in the deal).

2015 figures/2016 objectives

- Promotion of the 48* best-in-class CO₂ models in their respective categories (* as of end May 2015).
- 550,000 parts replaced each year: 40% of powertrains, 53% of gear boxes, 54% of transmissions, 61% of injectors, 78% of particulate filters, and 80% of starters/ alternators sold in France in 2015 originate from standard replacements.

Actions underway or planned for 2016

1 Promotion to the public of the best-in-class technologies	The best-in-class models will be promoted systematically.
2 Encouraging employees to get involved in solidarity initiatives	The "Foundation Awards" will run again.
3 Promoting the circular economy to customers	The Standard Exchange service is continued. A "second-hand" parts service will be developed.

3 - EMPLOYEE AND CUSTOMER PERSONAL DETAILS SHOULD BE USED WITH CARE IN MARKETING INITIATIVES

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 Storage of customer data	To respect customer privacy, customer relations make customer testimonials anonymous before they are used in advertising. All personal data collected from customers are stored on the Group's servers in France.
2 Policy for the collection and administration of personal data in the management of relations with customers.	Since 2013, an internal database of good personal data processing procedures has been available on the Group's document repository and can be accessed by all employees. The brands have signed country-specific charters for the use of CRM data with their dealership network.
3 Employee awareness/training	In 2013, the Group appointed a data protection coordinator who created a network of officers in each department and operating unit, responsible for the organisation of awareness workshops, creation of communications materials on this subject, etc.
4 Sharing and standardisation of good practices	The Group is actively taking part in working groups along with other industry players and regulatory authorities to promote exchanges of best practices and formalise compliant applicable standards.
5 Information systems are constantly brought into compliance with regulatory and legal developments.	Pursuit of the 2014 action plan to roll out the necessary procedures (implementation of the European initiative) by early 2018 in response to the anticipated regulatory changes.
New developments in 2015 and/or update of the tools and procedures	
1 Information systems are constantly brought into compliance with regulatory and legal developments, specifically those relating to personal data.	"privacy by design" compliant processing recommendations incorporated into the specifications (information systems creation/upgrade). Observance of authorisations incorporated into every new project in France. standardisation of the disclaimers on the online forms in France for application from end 2015. work with export subsidiaries to take into consideration national data protection requirements.
2 Employee awareness/training	A personal data e-learning training module was designed and launched on the internal CampusWeb e-platform in 2015.
2015 figures/2016 objectives	
<ul style="list-style-type: none"> - All Group Departments have a Personal Data coordinator at management level. - At end September 2015, 1,857 employees had taken the personal data e-learning module. 	
Actions underway or planned for 2016	
1 Information systems are constantly brought into compliance with regulatory and legal developments.	Continuation of an action plan to roll out the necessary procedures by 2018 in response to the anticipated regulatory changes. Work on the marketing databases to permit automated observance of customers' personal data processing rights.

4 - ENGAGE IN AN INTERNAL PROCESS TO VALIDATE ADS BEFORE THEIR EXTERNAL DIFFUSION

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 Internal validation procedures	Defined in 2004, the advertising validation procedures were strengthened in 2008 with the worldwide deployment of the Group's Responsible Communications Charter. The brands review all advertising campaigns to ensure they meet the rules laid down in the Charter. This process was optimised in 2013 for greater efficiency.
2 Internal validation procedures	Press releases are validated according to the internal memorandum: "Operating procedures for external communications/press relations".
3 Internal validation procedures	This validation process for external communications was expanded to online communications, which are being used to an ever increasing extent.
2015 figures/2016 objectives	
<ul style="list-style-type: none"> - 100% of the advertising campaigns observe the rules laid down in the responsible communications charter. - 100% of press releases are validated according to the established operating procedures. 	
Actions underway or planned for 2016	
1 Internal validation procedures	Distribute to marketers the checklist for responsible communications published by the UDA (the organisation representing French advertisers).

5 - INCORPORATE SOCIAL AND ENVIRONMENTAL CONSIDERATIONS INTO THE CRITERIA FOR THE SELECTION OF COMMUNICATIONS MATERIALS

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 Advertising banners and flags recycled into leather goods by an ESAT (organisation for disabled workers from the sheltered or adapted sectors).	Since 2009, the PEUGEOT and CITROËN advertising banners have been recycled into bags and wallets by the Ateliers de Chennevières ESAT. Since 2010, flags have also been made into laundry bags and shoe bags. These items are sold to the PSA Paris region employees at events jointly organised by the sites' Works Councils and the ESAT and a special initiative is also run annually during disability week.
2 Cutting down on paper use	The Group uses PEFC or FSC paper for recurrent publications (annual report, sales brochures, etc.) and optimises the number of copies. In France, the Group is a member of the French government's EcoFolio paper-recycling programme. The corresponding EcoFolio contribution is remitted to local authorities to support their paper sorting and collection systems. All printers have Imprim'vert or Imprim'Lux certification which guarantees that they sort and recycle all their printing waste and inks.
3 Paperless communications with journalists	In 2014, the corporate press office and the press offices of the three brands moved to entirely paperless processes; (PDF press files sent by email and FTP links to download the photos and videos). Information about trade fairs, press test drives and other events is increasingly shifting to electronic media: journalists are given a business card with the address and log-in details for a website where they can access all the materials.
4 Paperless communication with the public	Since 2012, the Group's CSR Report has been digitised and only available as a download from the Group's website. The brand websites no longer offer the option of receiving paper catalogues. Downloadable e-brochures are available on the website. The brands have also cut down on the number of paper catalogues they produce for trade fairs which are replaced where possible by an e-catalogue.
5 Paperless internal communications	CITROËN internal communications replaced the in-house magazine C Mag with the intranet site CITROËN INSIDE and the In MOTION magazine has been replaced by the PEUGEOT In MOTION intranet.
6 Storing of archives in electronic form	The Group's policy for the management of documents restricts the exchange of paper documents.
7 Consideration of environmental impacts in the choice of stands	CITROËN and DS select stand suppliers based on their environmental impacts (choice of materials used, recycling and reuse).
New developments in 2015 and/or update of the tools and procedures	
1 General roll-out of video conferencing	To cut down on employee travel between Group sites, video conferencing is offered systematically for all major meetings (post summer holiday meetings, conferences, etc.).
2015 figures/2016 objectives	
<ul style="list-style-type: none"> - 100% of recurrent publications are printed on PEFC or FSC paper. - 2014 Salon de Paris: distribution of paper CITROËN and DS brochures reduced by 60% compared to 2012 (e-brochures emailed instead). - The stand suppliers selected by CITROËN and DS recycle 100% of their stand construction/destruction waste and at least 12% of their stand components are reused in other stands. - 100% of the wood used in the CITROËN and DS stands comes from sustainably-managed forests. 	
Actions underway or planned for 2016	
1 Cutting down on paper use	Recurrent publications systematically printed on PEFC or FSC paper.
2 Recycling of advertising banners and flags into leather goods by an ESAT	Partnership continued.
3 Consideration of environmental impacts in the choice of stands	Suppliers continue to be selected according to the criteria laid down by CITROËN and DS. PEUGEOT is adopting a similar approach. When entering into contracts with the Purchasing Department, from 2016 all key suppliers, which include the suppliers who provide stands to the three brands, will undergo an EcoVadis evaluation to ensure they meet the Group's CSR requirements.

"COP21" FOCUS: INITIATIVES INTRODUCED BY THE COMMUNICATIONS OFFICERS TO HELP US TAKE ACCOUNT OF GREENHOUSE GAS EMISSIONS AND GLOBAL WARMING

At a meeting of Charter signatories on 24 March 2015, it was decided to add this focus, on a purely one-off basis, to identify how best to include global warming in our communications.

Areas/Actions	Objectives and results
Tools or procedures already in place	
1 Reducing the carbon footprint of printed brochures	The CITROËN brochures for Southern Europe are printed in Spain and those for Northern Europe are printed in the Paris region. + actions no.1, no.2, no.3 and no.6 of commitment table no.2. + actions no.2 and no.7 of commitment table no.5.
New developments in 2015 and/or update of the tools and procedures	
1 Raising the public's awareness of electric vehicles	On 25 September, the Citroën Berlingo Electric won the "Tour Poitou-Charentes", an event designed to show that an electric vehicle can have sufficient range throughout the day by alternating between driving and charging during the stages. In parallel, CITROËN dealers in Cognac, Niort and Poitiers attended the stages to promote the Citroën C-Zero and Berlingo Electric and to network with customers.
2 Raising awareness of electric vehicles among businesses	On 21 September, the Group took part in the "Livrer sans polluer" (pollution-free delivery) initiative organised by the City of Paris to support businesses in their move towards cleaner vehicles. Artisans and small business owners were invited to test drive the range of clean delivery vehicles on offer. PEUGEOT and CITROËN exhibited their light commercial vehicles, the Peugeot Partner Electric and Citroën Berlingo Electric, in the 4 th district of Paris.
3 Promoting eco-responsible behaviours to the general public	In August 2015, CITROËN Germany launched its "Eco Tour 2015" initiative. The challenge to drive a Citroën C4 Cactus BlueHDi 100 Stop&Start over a 959 km course using as little fuel as possible was won with a record consumption of 2.8 l/100 km.
4 Creating partnerships for eco-responsible initiatives	For the "Green Mobility Project" in May 2015, CITROËN Italy joined forces with Sibeg, providing the Sicilian Coca-Cola bottler with the new 100% electric city car, the 100 CITROËN C-Zero. To carry through the ambitious project, the two companies called upon the assistance of the Italian electric energy supplier Enel Energia which provided almost 50 charging stations.
5 Raise awareness among business customers, journalists, investors and employees about mobility-related environmental problems	On 23 November, the Group organised a conference to raise awareness among its business customers of the mobility-related environmental issues and to present the technological solutions available. Chaired by the PSA R&D Director, the conference gave customers a better insight into the key areas of the PSA eco-responsible initiative via three educational sessions led by three of the Group's senior experts: - Downsizing petrol engines and the 3-cylinder PureTech range, by the Senior Expert for Powerchains; - Cleaning up diesel engines and the BlueHDi line, by the Senior Expert for Depollution and Fuels; - Platform efficiency: EMP2 and the future generations, by the Senior Expert for Vehicle Architecture. On the same day, the PSA Foundation organised a "Mobility and the Environment" round table at the <i>Palais de la Découverte</i> in Paris to which it invited journalists, investors and Group employees. Carlos Tavares, Chairman of the Managing Board of PSA, opened the event by highlighting the vital role mobility plays in our lives: one of the requirements for accessing employment, it also helps prevent isolation and territorial divisions. Bernard Sananès, President of the Elabe Institute, then presented the results of a survey on the French and mobility. This was followed by a round table during which Joël de Rosnay, Executive President of Biotics International, Mathieu Flonneau, lecturer, researcher and automobile specialist, Olivier Appert, President of the Academy of Technologies and energy specialist and Florence Gilbert, Managing Director of Wirmoov and President of the Inclusive Mobility Laboratory exchanged their views. A film entitled "PSA, committed to sustainable mobility", was shown as an introduction to the round table. It is available on the Group's YouTube channel and was also shown to employees over the Group's intranet. During the 23 November event, a frieze entitled "Technologies in support of sustainable mobility" was displayed in the guest reception and cocktail area. It also featured a flashcode which could be scanned to access the longer online version.
6 Raising public awareness of low-impact vehicles	To mark the COP21 under the French presidency, PSA set up a test drive and eco-driving centre with 18 electric, hybrid and low emission petrol/diesel vehicles in front of its headquarters (in the 16 th district of Paris) from 30 November to 11 December 2015. In addition to the 100,000 private and business customers who received invitations to the event, the general public also had the opportunity to test the vehicles in a 20 minute circuit. Participants were given advice by specially trained eco-driving instructors on how to reduce their consumption by up to 15%. The fleet of low-consumption vehicles available for test driving included: - PEUGEOT (iOn and Partner) and CITROËN (C-Zéro and Berlingo) electric vehicles; - PEUGEOT, CITROËN and DS petrol and diesel vehicles which emit less than 100 g CO ₂ /km; - PEUGEOT power-assisted electric bikes, PEUGEOT e-Vivacity electric scooters. During COP21, special events were also run in the flagship stores of all three brands (C42, Peugeot Avenue and DS World). Promotions will be run in local points of sale.
7 COP21 employee awareness	A quiz to test and improve employees' knowledge about COP21 was available on the Group's intranet in December. + 2015 actions no.4 and no.5 of commitment table no.2. + 2015 action no.1 of commitment table no.5.
2015 figures/2016 objectives	
Objective of the "Green Mobility Project" in Italy: to eliminate 300 tonnes of CO ₂ annually.	

Areas/Actions	Objectives and results
Actions underway or planned for 2016	
1 Promoting sustainable mobility to the general public and businesses	The brands will continue to run initiatives such as the eco-driving challenges.
+ 2016 actions no.1 and no.3 of commitment table no.2.	
+ 2016 action no.1 of commitment table no.5.	

7.5.2.2. COMPLIANCE WITH REGULATIONS CONCERNING ADVERTISING, MARKETING, LABELLING AND CONSUMER INFORMATION



Labelling and information provided to customers

To improve car buyer information, PEUGEOT and CITROËN provided their dealers with fuel-efficiency labels in January 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.

CITROËN France, Number 1 accessible automobile network for the deaf and hard of hearing

While France has almost 7 million people with hearing problems, CITROËN took the initiative to make its dealerships accessible to the deaf and hard of hearing back in March 2015: a first for an automotive network in France! Based on the ACCEO solution, the service is provided free of charge to customers. Anyone who is deaf or hard of hearing can communicate independently with the sales adviser over the phone and shortly this will be available in the dealerships themselves.

Information provided to customers relating to environmental technologies

■ BlueHDi: powerful, economical and respectful of the environment

Inaugurated by the new C4 Picasso family in the BlueHDi 150 version (coupled with a manual six speed gearbox and an automatic six speed gearbox) and soon to be offered on the DS5 in the BlueHDi 180 version (coupled with an automatic six-speed gearbox), the BlueHDi powertrain offers numerous advantages: high power, moderate consumption and respect for the environment.

■ The new SCR (Selective Catalytic Reduction)

Installed just upstream of the particulate filter, it transforms the NO_x continuously into water vapour (H₂O) into nitrogen (N₂), both of which are inoffensive.

This new system also provides a considerable reduction in fuel consumption and CO₂ emissions, with a minimum of 110g/km with the HDi 150 version on the new Citroën C4 Picasso (117g/km with automatic gearbox) and 114g/km with the HDi 180 automatic gearbox on the DS5.

These new powertrains already comply with the Euro 6 standard.

■ PureTech: a new petrol engine offering for improved efficiency

Designed and produced in France, the PureTech powertrains use innovative, efficient and cost-saving technologies.

A family of even more powerful and environmentally friendly petrol engines: 15% more power and up to 25% lower fuel consumption and CO₂ emissions, in comparison with the previous generations.

After the launch of the new three cylinder petrol engine in its non-turbo version (1 litre 68hp and 1.2 litre 82hp), this family is being enlarged with the arrival of a turbocharged variant, the e-THP 130, the first PSA petrol engine to comply with the Euro 6 standard. The e-THP 130 offers high power of 130hp at 5,500 RPM and maximum torque of 230 Nm at 1,750 RPM, but is also respectful of the environment with CO₂ emissions of 110g/km. The Citroën C4 was the Group's first model to benefit from the e-THP 130 at the start of 2014.

The range of engine offerings has also been expanded with the launch of the e-VTi82 PureTech ETG. The first engine in the PureTech family to be equipped with latest-generation Stop & Start technology with a strengthened starter and to feature the new computerised ETG gearbox. This five-speed gearbox benefits from a rampage function and optimum pedal mapping allowing for better dosage, for gentle starts and improved driving comfort. These innovations enable this powertrain to emit only 95g/km of CO₂ and to provide combined fuel consumption of 3.9 l/100km on the New Citroën C3 and the DS3.

■ Hybrid Air: a technological offensive at the service of the environment

Faithful to its leitmotiv, which is to offer technologies accessible to all and for all usages, CITROËN is developing a full-hybrid solution for its vehicles: Hybrid Air.

A genuine technological breakthrough, the Hybrid Air uses compressed air combined with hydraulics, an area in which CITROËN benefits from long-standing expertise.

Hybrid Air means: no additional battery for a more affordable price, intact passenger space and easier recycling. These are also breakthrough performances with a reduction of 45% in fuel consumption in city driving, compared with an equivalent petrol engine, and a boost effect.

Since this technology is particularly well-suited to the city car segment, it is a special feature on the new Citroën C3 (less than 3 l/100km on the combined cycle, 69g/km of CO₂) and on the Cactus.

Infringements of regulations on advertising, marketing, labelling and consumer information

(Scope: PEUGEOT and CITROËN subsidiaries)

In 2015:

PEUGEOT infringements:

- in Argentina: it was ordered to pay fines of €8,000 for three consumer information infringements;
- in France: conviction by the Paris Court of Appeal on 5 June 2015 for abusive and/or illegal clauses in new vehicle purchase orders; payment of damages of €60,000 to the UFC Que Choisir consumer association; publication of a legal notice in 3 national daily newspapers and the same legal notice required to appear on the brand's website, www.peugeot.fr, for three months;
- in Portugal: a fine of €150,000 for the provision of incomplete information – no consolidation in the Peugeot Service contract. The Group is appealing this decision, not yet rendered;
- in Switzerland: CHF 1,540 fine for an advert in which the fuel consumption was deemed to be incorrect.

CITROËN infringements:

- in Brazil: a €9,345.81 fine for an Internet advert that was deemed inappropriate;
- in Spain: 2 convictions (€1,000 and €5,000) for lack of information about the financing of VN;
- in France: conviction for abusive and/or illegal clauses in new vehicle purchase orders, handed down by the Paris Court of Appeal on 5 June 2015; payment of damages of €10,000 to the UFC Que Choisir consumer association; publication of a legal notice in 3 national daily newspapers and the same legal notice required to appear on the brand's website, www.citroen.fr, for three months.

7.5.2.3. RESPONDING TO CONTROVERSIES: “PLEIN PHARE” BLOG

G4-PR6

Plein Phare is a blog on diesel issues. Launched in order to share information and provide keys to understanding this controversial subject, which often involves considerable technical complexity, Plein Phare aims to offer a passionate forum for debate, addressing issues such as air quality, automobile technologies and the future of diesel engines.

Would you like to discuss technology, cars or share your concerns about the air we breathe? Come and exchange ideas, share information and let your voice be heard to make this blog an invaluable educational resource on diesel issues.

<http://www.pleinphare-leblog.fr/>

7.5.2.4. DECRYPTING INNOVATION AND NEW VEHICLE USES: “IN MOVEMENT” BLOG

The In Movement blog aims to share with the general public, both professional and non-professional, insights from the experts who are designing the mobility solutions of the future. It takes them behind the scenes, explaining how cars are designed and manufactured, and gives key information to help them understand the sustainability issues which are specific to the automotive industry.

Below are links to a selection of articles published in 2015:

23/11/2015: *Multimodalité et intermodalité: à la découverte des nouvelles mobilités* [Multimodality and intermodality: discovering new mobilities]

27/11/2015: *Environnement et mobilité: quels enjeux pour la société ?* [Mobility and the Environment: what issues does society face?]

06/10/2015: *Paris-Bordeaux sans les mains à bord d'une voiture autonome* [Hands-free from Paris to Bordeaux in a driverless car]

26/06/2015: *City Park Remote: sortez, appuyez et vous êtes garés !* [City Remote Parking: parking at the press of a button!]

Comments? Ideas? Tips? Share them with us in an email or Tweet.

<http://www.inmvt.com/fr/>



8

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8.1. CONCERNING THIS REPORT

Measured by operational indicators, the Group's sustainable development performance is the subject of annual reporting presented in this report and which supplements Chapter 2 of the

2015 Registration Document as well as in the 2015 Sustainable Development and Activity Report.

8.1.1. Reporting period

The information and indicators in this report concern the year 2015, and were closed at the end of the period, on 31 December 2015.

The majority of the indicators are presented with the relevant history on the changes in the Group or the calculation method associated

with each indicator. The history is generally for three years whenever possible and may periodically be more when it corresponds to a reference year (for example, before a policy or action plan has been set up).

8.1.2. Reporting cycle G4-30

The CSR Report is published annually.

8.1.3. Date of publication G4-29

This CSR Report, covering financial year 2015, was published in April 2016.

The previous report, covering financial year 2014, was published in April 2015.

8.1.4. Content of the report G4-18 G4-19

The environmental and societal information contained in this report falls within the scope of the provision of Articles L. 225-102-1 para. 5 of the French Commercial Code resulting from law No. 2010-778 of 12 July 2010 on the national environmental commitment (the "Grenelle" law) applicable since 2012 and in line with GRI G4 (Global Reporting Initiative) recommendations.

They are based on the expectations of stakeholders and rating agencies. This report presents the Group's commitments, visions and achievements on all issues, whether very or slightly material.

8.1.5. Global Reporting Initiative G4-32

A cross-reference ratio with the GRI G4 indicators may be found at the end of this document, published by the Group, for its Automobile and Banking Divisions. The reported data concern the production plants (PCA), the R&D centres, the main office sites, the PEUGEOT, CITROËN and DS proprietary dealership networks and the logistics platforms of companies fully consolidated within the Group.

For the 13th consecutive year, the sustainable development reporting reflects the sustained efforts for improving transparency, with the application of the standards of the Global Reporting Initiative (G4 for the 2nd year).

An evaluation by an outside third party was conducted based on the evaluation methodology recommended in the application guide and completed on the aspects whose material thresholds are level 1 and 2 in the mapping of the Group's CSR issues (mapping presented in Chapter 1 of this report). The evaluator conducted the verification based on the "Compliance" – Essential Criteria option, selected this year by the Group.

For the aspects whose material threshold is level 3 in the mapping of its CSR issues, the Group has also published information that follows the GRI G4 Guidelines for "In accordance" – Core Criteria.

8.1.6. Verification

The process of preparing the consolidated social, environmental and corporate information for Peugeot S.A. published in this report, meeting the requirements of the provisions of Articles L. 225--102-1 and R. 225-105 of the French Commercial Code, which are based on the "Grenelle 2 Act", were verified by an independent third-party organisation (Grant Thornton).

The firm attests to the presence of the CSR information of Peugeot Citroën Automobiles S.A.

The financial data or data on the governance of the Company drawn from the Registration Document have also been examined

an outside third party whose report appears in the Registration Document.

The vehicle emission data have been taken from the compliance certificates issued in the countries in which the vehicles are sold by independent third parties as part of standard regulated measurement and compliance procedures.

The presence and accuracy of Peugeot S.A.'s information was certified by the independent third-party organisation, Grant Thornton, and is available in full in section 8.4 of this document.

8.1.7. Contact G4-31

For more information, in particular on reporting procedures, you may write to the Sustainable Development Department, PSA, 75, avenue de la Grande Armée 75116 Paris, or contact the department by email at: sustain.psa@mps.com

8.2. SCOPE AND METHODOLOGY OF REPORTING

G4-17
G4-20
G4-22
G4-23

8.2.1. Scope of reporting G4-13 G4-17 G4-20

This report is based on the economic, social and environmental performance of the fully consolidated companies of PSA.

ACTIVITIES INCLUDED IN REPORTING AND DEVELOPMENTS

Detailed societal and environmental data as well as information on sustainable development initiatives also cover:

- the Automotive Divisions (production, research and development and tertiary facilities):

The "automotive" section covers the subsidiaries PCA, AP/AC, Française de Mécanique, SevelNord, manufacturing facilities outside France, R&D facilities and office sites in France. For the automobile subsidiaries, only the PCA subsidiary is obligated to publish detailed social responsibility and environmental information. They are available in this report.

Unless otherwise stated, Group policy applies to PCA. This relates to the following topics in particular: health and safety conditions in the workplace, organisation of social dialogue, especially procedures for informing, consulting and negotiating with personnel, and agreements signed with trade unions or employee representatives, the training policies implemented, anti-discrimination policy, measures taken in relation to the Group's

local impact, partnerships and philanthropy initiatives, taking social and environmental issues into account in procurement policies.

PCMA Automotiv RUS, located in Kaluga in Russia, a joint operation with Mitsubishi Motors Corp., is also included in the scope for social and environmental reporting, under "Automotive".

Changes to be noted:

- in 2014, SevelNord changed from a public limited company (S.A.) to a general partnership (SNC). Moreover, this company, previously classified under "Other Businesses" in the social reporting system, is now classified under "Automotive" for all CSR indicators,
- la Française de Mécanique, which was run as a joint operation with Renault up to 19 December 2013, the date on which the Group took control, has been included in the reporting since 2014;
- "automotive trade" activities: these include the proprietary dealership network, training centres for network personnel, spare parts warehouses, regional offices and import subsidiary registered offices. The "automotive sales" companies are included under the "automotive" heading with respect to HR but are stated separately with respect to the environment;

- the equipment subsidiary: FAURECIA, a listed company, in which PSA now has a stake of 49.48%, remains fully consolidated due to the fact that it is still controlled by Peugeot S.A. (65.81% of the voting rights). In accordance with the legal provisions, FAURECIA manages its business independently and therefore prepares and publishes its social, societal and environmental indicators in its own Registration Document;
- the "Other Businesses" now comprise the Peugeot S.A. holding company and BANQUE PSA FINANCE (BPF). Changes to be noted:
 - PMTC France, PMTC Allemagne and PMTC Italie were sold off during the period,
 - as regards BPF, the social responsibility and environmental information published in the Registration Document cover all the entities which were wholly owned by BPF at 31 December 2015. This methodology, brought into line with the BPF consolidation rules, does not include in the scope of the CSR reporting the joint-ventures created with Santander in the 2015 financial year. These joint ventures are listed in the BPF Management Report. As BPF publishes its own CSR information in its Management Report, the parent company, PSA, is not required to present BPF's CSR data separately (see § Regulatory References and International Standards).

In compliance with regulations, quantitative data were reported using cross-functional, comparable indicators when relevant.

THE EXCLUSIONS FROM THE CSR REPORTING VERSUS THE FINANCIAL REPORTING

The scope of reporting does not include subsidiaries jointly owned with other carmakers or cooperation ventures accounted for by the equity method, due to the lack of exclusive control:

- TPCA, located in Kolin in the Czech Republic, a joint operation with Toyota;
- DPCA, located in Wuhan, Hubei Province, China, a joint venture with DONGFENG MOTOR CORP.;
- CAPSA, located in Shenzhen, China, a joint venture with China CHANGAN PSA AUTOMOBILES;
- Sevelsud, located in Val Di Sangro, Italy, a joint operation with Fiat.

In these cooperation ventures, the Group 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.

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

In 2007, at the Group'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.

Other items, including examples of actions undertaken, are described in greater detail in the CSR (Corporate Social Responsibility) publications for each of the entities. The Group's CSR policy and FAURECIA's Registration Document notably describe the policy, commitments and results of the automobile, banking and equipment supply divisions.

A list of the Group's companies included in the financial reporting is published in section 5.6 of the Registration Document.

8.2.2. Summary of the reporting protocol

The procedures for collecting data are specified in each chapter.

8.2.3. Difficulty in measurement G4-22 G4-23

The calculation procedures, changes in scope, corrections made to the previous data or adjustments are specified in each chapter.

8.3. CROSS-REFERENCE TABLES

8.3.1. Global Reporting Initiative G4 cross-reference table **G4-32**

Items in bold are required by Global Reporting Initiative (GRI) G4 Core Level criteria, selected by the Group this year. A specialist extra-financial reporting consultancy firm has confirmed the Group's compliance with the requirements of this Core Level. Thresholds 1 and 2 of the materiality matrix have been taken into account in assessing this level in the Specific Items of Information. Items in italic relate to the Comprehensive Level of GRI G4, which the Group has chosen to publish separately, as an addition.

The items required by GRI G4 are indicated in this report using the following icon: **G4-XXX**

GENERAL INFORMATION ITEMS

General information items	Section of the 2015 CSR Report	Outside verification
STRATEGY AND ANALYSIS		
G4-1	11.	yes
<i>G4-2</i>	<i>1.3.2.1. / 1.3.2.3.</i>	yes
PROFILE OF ORGANISATION		
G4-3	1.2.1.	yes
G4-4	1.2.1. / 2.1.2. / 2.5.	yes
G4-5	8.1.7./ back cover	yes
G4-6	1.2.1.	yes
G4-7	1.2.1.	yes
G4-8	1.2.1. / 2.1.2. / 2.5.	yes
G4-9	1.2.1. / 1.2.2.	yes
G4-10	3.2.1. / 3.5.1.2.	yes
G4-11	3.2.1.	yes
G4-12	4.1.1.	yes
G4-13	4.1.1. / 4.1.2. / 4.1.2.1. / 8.2.1. / 1.2.3.	yes
G4-14	1.3.3.	yes
G4-15	14.3.1.	yes
G4-16	14.3.2.	yes
G4-17	8.2. / 8.2.1.	yes
G4-18	1.3.2. / 8.1.4.	yes
G4-19	1.3.2. / 8.1.4.	yes
G4-20	1.3.2. / 8.2. / 5.7. / 4.5. / 2.6. / 3.7. / 8.2.1.	yes
G4-21	1.3.2.	yes
G4-22	8.2. / 5.7. / 4.5. / 2.6. / 3.7. / 8.2.3.	yes
G4-23	8.2. / 5.7. / 4.5. / 2.6. / 1.3.2.3. / 3.7. / 8.2.3.	yes
INVOLVEMENT OF STAKEHOLDERS		
G4-24	14.1.	yes
G4-25	14.1. / 14.2.	yes
G4-26	14.2.	yes
G4-27	14.2.	yes
PROFILE OF THE REPORT		
G4-28	8.1.1.	yes
G4-29	8.1.3.	yes
G4-30	8.1.2.	yes
G4-31	8.1.7.	yes
G4-32	8.1.5. / 8.3.1. / 8.4.	yes
G4-33	8.4.1.	yes

General information items	Section of the 2015 CSR Report	Outside verification
GOVERNANCE		
G4-34	1.2.3. / 6.5.1.	yes
G4-35	1.3.1.	yes
G4-36	1.3.1.	yes
G4-37	1.3.1.	yes
G4-38	1.2.3.	yes
G4-39	1.2.3.	yes
G4-40	1.2.3. / 6.4.2	yes
G4-41	6.4.3.	yes
G4-42	1.3.1.	yes
G4-43	1.3.1.	yes
G4-44	1.3.1.	yes
G4-45	1.3.2.3 / 1.4.2.	yes
G4-46	1.3.2.1. / 1.3.2.3	yes
G4-47	1.3.2.1.	yes
G4-48	1.3.2.3	yes
G4-49	6.4.4.	yes
G4-50	6.4.4.	yes
G4-51	6.2.3.	yes
G4-52	1.2.3.	yes
G4-53	6.2.3.	yes
G4-54	Data not available	
G4-55	Data not available	
ETHICS AND INTEGRITY		
G4-56	6.1.	yes
G4-57	6.1.2.	yes
G4-58	6.1.2.	

SPECIFIC ITEMS

GRI G4 aspects: DMA and associated indicators	Section of the 2015 CSR Report	Omissions	Outside verification
ECONOMY			
Direct economic value created and distributed (Threshold 3: Distribution of the added value)			
G4-DMA	6.2.1.		yes
G4-EC1	6.2.1.		yes
G4-EC2	1.3.2.1. / 1.3.2.3. / 2.1.1.		yes
G4-EC3	3.3.5.2.		yes
G4-EC4	6.2.1.		yes
Presence on the market (Threshold 2: Attracting, developing and retaining talent)			
G5-EC5	3.3.5.1.		yes
G4-EC6	3.2.4.		yes
Indirect economic impact (Threshold 1: Involvement in the life of the territories)			
G4-EC7	1.3.2.1. / 7.1.		yes
G4-EC8	1.3.2.1. / 7.1.		yes
Purchasing practices (Threshold 1: Purchasing practices)			
G4-DMA	4.2.1.		yes
G4-EC9	4.2.3.		yes
ENVIRONMENT			
Materials (Threshold 1: Environmental impact of materials and end of life)			
G4-DMA	2.4.1. / 5.4.1.		yes
G4-EN1	5.4.1.1.		yes
G4-EN2	2.4.1.1. 5.4.1.1.		yes
Energy (Threshold 2: Energy/Industrial carbon footprint)			
G4-DMA	5.2.		yes
G4-EN3	5.2.1.1.		yes
G4-EN4	2.4.2.1. / 4.4. / 5.2.2.1.		yes
G4-EN5	5.2.1.2.		yes
G4-EN6	5.2.1.2.		yes
G4-EN7	2.1. / 2.5.		yes
Water (Threshold 2: Water)			
G4-DMA	5.5.		yes
G4-EN8	5.5.1.1.		yes
G4-EN9	5.5.1.		yes
G4-EN10	5.5.1.3.		yes
Biodiversity (Threshold 3: Biodiversity)			
G4-EN11	5.6.1.		yes
G4-EN12	1.3.2.1. / 5.6.2.		yes
G4-EN13	5.6.1.		yes
G4-EN14	5.6.1.		yes
Emissions (Threshold 1: CO ₂ emissions from vehicles / Fuel consumption)			
G4-DMA	5.2.		yes
G4-EN15	5.2.2.1.		yes
G4-EN16	5.2.2.1.		yes
G4-EN17	2.1. / 2.4.2.2. / 2.5. / 4.4.1. / 4.4.2.		yes
G4-EN18	5.2.2.2.		yes
G4-EN19	5.2.2.2.		yes
G4-EN20	5.3.1.2.		yes
G4-EN21	2.2.1. / 5.3.1.1.		yes


GRI G4 aspects: DMA and associated indicators	Section of the 2015 CSR Report	Omissions	Outside verification
Discharge and waste (Threshold 2: Waste and materials cycle)			
G4-DMA	5.3. / 5.4. / 5.5. / 5.6.		yes
G4-EN22	5.5.2.1.		yes
G4-EN23	5.4.3.		yes
G4-EN24	5.3.2.4.		yes
G4-EN25	5.4.3.5.		yes
G4-EN26	5.6.2.1.		yes
Products and services (Threshold 1: Environmental impact of materials and end of life)			
G4-DMA	2.1. / 2.2. / 2.4.2.		yes
G4-EN27	2.1. / 2.2. / 2.4. / 2.5.		yes
G4-EN28	2.4.2.3.		yes
Compliance (Threshold 2: Industrial waste and pollutants)			
G4-DMA	5.1.2.3.		yes
G4-EN29	5.3.2.4.		yes
Transport (Threshold 3: Environmental optimization/logistics)			
G4-EN30	4.4.		yes
General considerations (Threshold 2: Industrial waste and pollutants)			
G4-DMA	5.1.2.6.		yes
G4-EN31		Data not available	
Environmental assessment of suppliers (Threshold 1: social and environmental standards for purchasing)			
G4-DMA	4.3.		yes
G4-EN32	4.3.2. / 4.3.		yes
G4-EN33	4.1.2.2. / 4.3.1. / 4.3.2.		yes
Mechanism for settling environmental grievances (Threshold 2: Industrial waste and pollutants)			
G4-DMA	5.1.2.3.		yes
G4-EN34	5.3.2.4.		yes
WORKFORCE-RELATED			
Employment (Threshold 1: Social dialogue and responsible management of jobs and skills)			
G4-DMA	3.3.3.		yes
G4-LA1	3.2.1.		yes
G4-LA2	3.3.5.2.		yes
G4-LA3	3.5.2.		yes
Employer/employee relations (Threshold 1: Social dialogue and responsible management of jobs and skills)			
G4-DMA	3.1.3. / 3.2.1. / 3.3.1.		yes
G4-LA4	3.1.2.		yes
Workplace health and safety (Threshold 1: Health, safety and working conditions)			
G4-DMA	3.4.1.		yes
G4-LA5	3.4.5.		yes
G4-LA6	3.4.3. / 3.4.4.		yes
G4-LA7	3.4.4.		yes
G4-LA8	3.4.5.		yes
Training and education (Threshold 2: attracting, developing and retaining talent)			
G4-DMA	3.3.3.		yes
G4-LA9	3.3.3.		yes
G4-LA10	3.3.2. / 3.3.3. / 3.5.3.		yes
G4-LA11	3.3.4.		yes
Diversity and equal opportunity (Threshold 2: Diversity and equal opportunity)			
G4-DMA	3.5.1.		yes
G4-LA12	3.2.1. / 3.5.1. / 3.5.2. / 3.5.3. / 3.5.4. / 6.4.2.		yes
Equal compensation for men and women (Threshold 2: Diversity and equal opportunity)			
G4-DMA			yes
G4-LA13	3.3.5.1.		yes

GRI G4 aspects: DMA and associated indicators	Section of the 2015 CSR Report	Omissions	Outside verification
Assessing suppliers' employment practices (Threshold 1: social and environmental standards for purchasing)			
G4-DMA	4.3.1. / 4.3.2.		yes
G4-LA14	4.3.2. / 4.3.1.		yes
G4-LA15	4.1.2.2. / 4.3.1. / 4.3.2.		yes
Mechanisms for settling employment grievances (Threshold 1: Social dialogue and responsible management of jobs and skills)			
G4-DMA	3.6.1.		yes
G4-LA16		Data not available	yes
HUMAN RIGHTS			
Investments (Threshold 2: Human rights and union rights)			
G4-HR1	3.6.1. / 4.3.1.		yes
G4-HR2	3.6.1.		yes
Non-discrimination (Threshold 2: Diversity and equal opportunity)			
G4-DMA	3.6.1.		yes
G4-HR3	3.5.1.		yes
Union rights and right to collective bargaining (Threshold 2: Human rights and union rights)			
G4-DMA	4.3.2. / 3.6.1.		yes
G4-HR4	4.3.2. / 3.6.1.		yes
Child labour (Threshold 2: Human rights and union rights)			
G4-DMA	4.3.2. / 3.6.1.		yes
G4-HR5	4.3.2. / 3.6.1.		yes
Forced or mandatory labour (Threshold 2: Human rights and union rights)			
G4-DMA	4.3.2. / 3.6.1.		yes
G4-HR6	4.3.2. / 3.6.1.		yes
Safety practices (Threshold 2: Human rights and union rights)			
G4-DMA	3.6.1.		yes
G4-HR7	3.6.1. / 3.5.2.		yes
Rights of indigenous peoples (Threshold 1: Involvement in the life of the territories)			
G4-HR8		Not applicable	
Assessment (Threshold 2: Human rights and union rights)			
G4-DMA	3.6.2.		yes
G4-HR9	3.6.1.		yes
Assessing the respect of human rights by suppliers (Threshold 1: social and environmental standards for purchasing)			
G4-DMA	4.3.2.		yes
G4-HR10	4.3.2. 4.3.1.		yes
G4-HR11	4.1.2.2. / 4.3.1. 4.3.2.		yes
Mechanisms for settling grievances concerning human rights (Threshold 2: Human rights and union rights)			
G4-DMA	4.3.2.		yes
G4-HR12	4.3.2.		yes
COMPANY			
Local communities (Threshold 3: Donations and philanthropy)			
G4-SO1	7.1.		yes
G4-SO ₂	3.6.1.		yes
Anti-corruption (Threshold 2: Ethical practices in business relations)			
G4-DMA	6.1.2.1.		yes
G4-SO3	6.1.2.1.		yes
G4-SO4	6.1.2.1.		yes
G4-SO5	6.1.2.4.		yes
Public policies (Threshold 3: Transparency and integrity of influence practices)			
G4-SO6	6.3.1.3.		yes
Anti-competitive behaviour (Threshold 2: Ethical practices in business relations)			
G4-DMA	6.1.2.1.		yes
G4-SO7	6.1.2.4.		yes






















GRI G4 aspects: DMA and associated indicators	Section of the 2015 CSR Report	Omissions	Outside verification
Compliance (Threshold 2: Ethical practices in business relations)			
G4-SO8	2.3.1.2. / 5.3.2.4. / 6.1.2.4. / 7.5.1.1.		yes
Assessing suppliers' impact on the Company (Threshold 1: Supplier relations and purchasing practices)			
G4-DMA	4.3.1.		yes
G4-SO9	4.3.2. / 4.3.1.		yes
G4-SO10	4.1.2.2. / 4.3.1. 4.3.2.		yes
Mechanisms for settling grievances concerning the impact on the Company (Threshold 1: Vehicle Quality/Safety)			
G4-SO11	6.1.2.4. / 7.5. / 5.3.2.4.		yes
LIABILITY ASSOCIATED WITH THE PRODUCT			
Consumer health and safety (Threshold 1: Vehicle Quality and Safety)			
G4-DMA	2.3.		yes
G4-PR1	2.3.1.2.		yes
G4-PR2	2.3.1.2.		yes
Labelling of products and services (Threshold 1: Vehicle Quality and Safety)			
G4-DMA	7.5.2.2.		yes
G4-PR3	7.5.2.2.		yes
G4-PR4	7.5.2.2.		yes
G4-PR5	2.3.1.1.		yes
Marketing communication (Threshold 3: Responsible marketing)			
G4-PR6	7.5.2.3.		yes
G4-PR7	7.5.2.2.		yes
Clients' private lives (Threshold 3: Managing clients' personal data)			
G4-PR8	7.5.1.1.		yes
Compliance (Threshold 1: Vehicle Quality and Safety)			
G4-DMA	2.3.2.1.		yes
G4-PR9	2.3.1.2.		yes

Selected information has been validated by the firm Grant Thornton (see their detailed report in section 8.4).

8.3.2. Article 225 Grenelle 2 cross-reference table


The items required by Article 225 of the Grenelle 2 Law are indicated in this report using the following icon: 

Expected by the decree	PSA codification of 42 Grenelle 2 subjects	2015 CSR Report (relevant sections)	2015 Registration Document (relevant sections)	Degree of response*
1° Personnel information				
a) Employment				
Total workforce	G.1a	3.2.1.	2.4.2.1.	
Employees by gender	G.1b	3.5.2.	2.4.2.1.	
Employees by age	G.1c	3.5.2.	2.4.2.1.	
Employees by geographical segment	G.1d	3.2.1.	2.4.2.1.	
Hirings and Dismissals	G.2a	3.2.1.	2.4.2.1.	
Dismissals	G.2b	3.2.1.	2.4.2.1.	
Compensation and changes therein	G.3	3.3.5.	2.4.3.5.	
b) Work arrangements				
Organisation of working hours	G.4	3.2.5.	2.4.2.2.	
Absenteeism	G.5	3.2.5.	2.4.2.2.	
c) Employee relations				
Organisation of employer-employee communications, especially procedures for informing, consulting and negotiating with personnel	G.6	3.1.1.	2.4.1.	
Summary of labour agreements	G.7	3.1.1. / 3.1.2.	2.4.1.	
d) Health and safety				
Health and safety conditions in the workplace	G.8	3.4.1. / 3.4.2.	2.4.4.1.	
Summary of agreements signed with unions or employee representatives regarding workplace health and safety	G.9	3.4.5.	2.4.4.4.	
Workplace accidents, particularly their frequency and severity, along with occupational illnesses	G.10	3.4.3.	2.4.4.3.	
e) Training				
Training policies put into practice	G.11a	3.3.1.	2.4.3.2. / 2.4.3.3.	
Training resources put into practice	G.11b	3.3.2.	2.4.4.2. / 2.4.3.4.	
Total number of hours of training	G.12	3.3.3.	2.4.3.2.	
f) Non-discrimination				
Measures taken to ensure gender equality	G.13	3.5.2.	2.4.5.2.	
Measures taken to ensure the hiring and integration of persons with disabilities	G.14	3.5.2. / 3.5.4.	2.4.5.4.	
Anti-discrimination policy	G.15	3.1.1. / 3.5.	2.4.1. / 2.4.2.1. / 2.4.5.1. / 2.4.5.3.	
g) Promotion and observance of the core conventions of the International Labour Organization, relative to				
respect for freedom of association and right to collective bargaining	G.16	3.6.	2.4.1. / 2.4.6.	
Eliminating discrimination in terms of hiring and occupation	G.17	3.5. / 3.1.1. / 3.6.	2.4.1. / 2.4.6.	
Eliminating forced or obligatory labour	G.18	3.1.1. / 3.6.	2.4.1. / 2.4.6.	
The effective abolition of child labour	G.19	3.1.1. / 3.6.	2.4.1. / 2.4.6.	
2° Environmental information				
a) General environmental policy				
The organisation of the Company with respect to environmental matters	G.20	2.0.1. / 5.1.1. / 5.1.2.2. / 5.1.2.3. / 5.2.3. / 5.3.2.	2.2.1. / 2.2.2.	
Environmental assessment or certification initiatives	G.20	5.1.2.3. / 5.3.2. / 6.3.2.3.	2.2.1.	
Actions taken to train and inform employees about environment protection	G.21	5.1.2.4.	2.2.2.	

Expected by the decree	PSA codification of 42 Grenelle 2 subjects	2015 CSR Report (relevant sections)	2015 Registration Document (relevant sections)	Degree of response*
Resources committed to preventing environmental risks and pollution	G.22	20.2.1. / 2.1. / 2.1.3. / 2.1.4. / 2.1.5. / 2.1.6. / 2.1.7. / 2.2. / 2.4. / 5.1.2.2. / 5.3.2.4. / 5.4.2. / 5.5.1.3.	2.2.1. / 2.2.1.1. / 2.2.1.1.1. / 2.2.1.2. / 2.2.1.3.2. / 2.2.2.	
The amount of the provisions and warranties made for environmental risks, provided this information is not of a nature that might be seriously adverse to the Company in a current legal dispute	G.23	5.3.2.4.	2.2.2.	
b) Pollution and waste management				
Measures to prevent, reduce or repair emissions into the air, water or ground that seriously affect the environment	G.24	2.2. / 2.4.1.3. / 5.3.1. / 5.3.2.2. / 5.4.2. / 5.4.3. / 5.5.1.3.	2.2.1.2. / 2.2.1.3.1. / 2.2.1.3.2. / 2.2.2. / 2.2.2.2.1. / 2.2.2.2.2. / 2.2.2.4.2.	
Measures to prevent, recycle or eliminate waste	G.25	2.4.2.3. / 5.4.2. / 5.4.3. / 5.5.2.2.	2.2.1.3.2. / 2.2.2.3.2.	
Handling sound pollution or any other form of pollution specific to an activity	G.26	5.3.2.3. / 5.6.2.	2.2.1.3.2. / 2.2.2.2.3. / 2.2.2.5.	
c) Sustainable use of resources				
Water consumption and sourcing in light of local constraints	G.27	5.5.1.1.	2.2.2.4.1.	
Consumption of raw materials and measures taken to use them more efficiently	G.28	2.4.1. / 2.4.2. / 5.4.1.	2.2.1.3.1. / 2.2.1.3.2. / 2.2.2.3.1.	
Consumption of energy, measures taken to improve energy efficiency and use of renewable energy	G.29	2.1.3. / 2.1.4. / 2.1.5. / 2.1.6. / 5.2.1. / 5.2.4.	2.2.1.1.1. / 2.2.2.1.1.	
Use of land	G.30	5.3.2.2. / 5.6.1.	2.2.2.2.2.	
d) Climate change				
Greenhouse gas emissions	G.31	5.2.2.1. / 5.2.3. / 5.2.4.	2.2.1.1.2. / 2.2.2.1.2.	
Adapting to the consequences of climate change	G.32	2.1. / 2.1.3. / 2.1.4. / 2.1.5. / 2.1.6. / 2.1.7. / 2.5. / 5.2. / 5.5.1.1. / 5.2.2.2.	2.2.1.1. / 2.2.1.1.1. / 2.2.1.3.2. / 2.2.1.4. / 2.2.2.1.2.	
e) Protection of biodiversity				
Measures taken to preserve or develop biodiversity	G.33	5.6.2.	2.2.2.5.	
3° Information relating to corporate sustainability efforts				
a) Local, economic and social impact of the Company's business				
On employment and regional development	G.34	4.1.2.2. / 4.2.3. / 7.1. / 7.2.	2.3.1.1. / 2.3.1.2. / 2.4.3.5.	
On neighbouring or local residents	G.35	7.1. / 7.2. / 7.3. / 7.4.	2.3.3.	
b) Relationships maintained with equal employment opportunity groups, educational institutions, environmental protection groups, consumer groups and neighbouring communities				
How the Company communicates with these persons or groups	G.36	14.	2.1.2.	
Support, partnerships and philanthropy provided	G.37	7.2. / 7.3. / 7.4. / 4.2.4.	2.3.1.2. / 2.3.3. / 2.4.5.4.	
c) Subcontractors and suppliers				
Consideration given to social and environmental issues in procurement policies	G.38	4.3.1.	2.3.1.1.	
The importance of subcontracting and the inclusion of social and environmental responsibility in subcontractor and supplier relationships	G.39	4.1.1. / 4.3.1.	2.3.1.1. / 2.3.1.3.	
d) Fair operating practices				
Actions undertaken to prevent corruption	G.40	6.1.2. / 3.1.1. / 3.6. / 6.1.1.1.	2.3.4. / 2.4.1. / 2.4.6.	
Measures taken benefiting the health and safety of consumers	G.41	2.2. / 2.3.3. / 2.4.1.3. / 2.5. / 6.3. / 7.5.1.2.	2.2.1.2. / 2.2.1.3.1. / 2.2.1.4. / 2.3.2.	
e) Other actions taken to promote human rights				
Other actions taken to promote human rights	G.42	3.1.1. / 3.6. / 4.3.1.	2.3.1.3. / 2.4.1.	

* The reporting status indicates a response by the Group to each of the 42 Grenelle topics and the coverage rate for this response among the relevant subsidiaries.

 = the Group has responded to the Grenelle topic and the response covers 100% of subsidiaries required to published detailed information.

 = the Group has responded but it does not cover the entire scope subject to this requirement.

 = the Group has not responded to the Grenelle topic and has explained why not (n/a).

8.3.3. Global compact cross-reference table

Areas	Principle	GRI G4 Code
1. Human rights	1. Businesses are asked to promote and respect the protection of the national rights concerning human rights in their sphere of influence;	G4-HR2, G4-HR7,G4-HR8, G4-HR9, G4-HR12, G4-SO1, G4-SO2
	2. To ensure that their own companies are not complicit in human rights violations.	G4-HR1, G4-HR10, G4-HR11
2. Labour standards	3. Businesses are asked to respect freedom of association and to recognise the right to collective bargaining;	G4-11, G4-HR4, G4-LA4,
	4. Eliminating all forms of forced labour;	G4-HR6
	5. Effectively abolish child labour;	G4-HR5
	6. Eliminating discrimination in terms of hiring and occupation.	G4-10, G4-EC5, G4-EC6, G4-LA1, G4-LA3, G4-LA11, G4-LA12, G4-LA13, G4-HR3
3. Environment	7. Businesses are asked to apply the precautionary approach for problems concerning the environment;	G4-EC2, G4-EN1, G4-EN3, G4-EN8, G4-EN15, G4-EN16, G4-EN17, G4-EN20, G4-EN21, G4-EN27, G4-EN31
	8. To undertake initiatives to promote greater responsibility towards the environment;	G4-EN1, G4-EN2, G4-EN3, G4-EN4, G4-EN5, G5-EN6, G4-EN7, G4-EN8, G4-EN9, G4-EN10, G4-EN11, G4-EN12, G4-EN13, G4-EN14, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EN22, G4-EN23, G4-EN24, G4-EN25, G4-EN26, G4-EN27, G4-EN28, G4-EN29, G4-EN30, G4-EN31, G4-EN32, G4-EN33, G4-EN34
	9. To promote the development and distribution of environmentally-friendly technologies.	G4-EN6, G4-EN7, G4-EN19, G4-EN27, G4-EN31
4. Fight against corruption	10. Businesses are asked to act against all forms of corruption, including extortion and kickbacks.	G4-56, G4-57, G4-58, G4-SO ₂ , G4-SO4, G4-SO5, G4-SO6

8.3.4. ISO 26000 cross-reference table

Key central questions and areas of action		2015 CSR Report (relevant sections)
Key question	Governance of the organisation	1.2.3. / 1.3.1. / 6.4.
Key question	Human rights	
Area of action 1	Duty of vigilance	3.6. / 4.3.2.
Area of action 2	Situations that present a risk to human rights	3.6. / 4.3.2.
Area of action 3	Avoiding complicity	3.6. / 4.3.2. / 6.1.
Area of action 4	Remedying infringements on human rights	3.6. / 4.3.2.
Area of action 5	Discrimination and vulnerable groups	3.5. / 3.6.
Area of action 6	Civil and political rights	3.6. / 4.3.2.
Area of action 7	Economic, social and cultural rights	3.6. / 4.3.2.
Area of action 8	Basic workplace principles and rights	3.6. / 4.3.2.
Key question	Working relations and conditions	
Area of action 1	Employment and employer/employee relations	3.1. / 3.2.
Area of action 2	Working conditions and social protection	3.2. / 3.4.
Area of action 3	Social dialogue	3.1.
Area of action 4	Occupational health and safety	3.4.
Area of action 5	Development of human capital	3.3.
Key question	The Environment	
Area of action 1	Preventing pollution	2.2. / 5.1. / 5.3. / 5.5.
Area of action 2	Sustainable use of resources	2.4. / 5.4. / 5.5.
Area of action 3	Reducing and adapting to climate change	2.1. / 2.5. / 5.2.
Area of action 4	Preserving the environment, biodiversity and restoring natural habitats	5.6.
Key question	Fair operating practices	
Area of action 1	Anti-corruption	6.1.2.
Area of action 2	Responsible policy commitment	6.3.
Area of action 3	Loyal competition	6.1.2.
Area of action 4	Promoting corporate responsibility in the value chain	1
Area of action 5	Respecting property rights	6.1.2.
Key question	Matters concerning consumers	
Area of action 1	Loyal marketing, information and contracts practices	7.5.
Area of action 2	Protecting consumer health and safety	2.3.
Area of action 3	Sustainable consumption	2.5.
Area of action 4	Customer service, assistance and consumer claims and disputes resolution	2.3. / 7.5.
Area of action 5	Protecting consumers' data and private lives	6
Area of action 6	Access to basic services	7.3.
Area of action 7	Education and awareness	2.5. / 7.3. / 7.5.
Key question	Communities and local development	
Area of action 1	Involvement with communities	4.2. / 7.4.
Area of action 2	Education and culture	7.2.
Area of action 3	Creating jobs and developing skills	7.1.
Area of action 4	Developing technologies and access to technology	7.3.
Area of action 5	Creating wealth and revenue	4.1. / 4.2. / 7.1.
Area of action 6	Health	2.3.
Area of action 7	Investment in the Company	7.1.

8.4. AUDITOR'S EXAMINATION REPORT G4-32

The Company decided to obtain an independent auditor's opinion on the truthfulness of the consolidated social, societal and environmental information presented in the CSR Report. The firm Grant Thornton was appointed as independent auditor. The conclusions of this report are presented below.

Report by the independent third-party body on a selection of consolidated social, environmental and societal information included in the CSR report G4-33

This is a free English translation of the independent third-party body's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2015

To the Shareholders,

As requested and in our capacity as the independent third-party body of Peugeot S.A. and as professional accountants, we hereby report to you on the consolidated social, environmental and societal information for the year ended 31 December 2015, included in the CSR report (hereinafter named "CSR Information").

Company's responsibility

The CSR Information has been prepared under the responsibility of the executive board, as required by the company's internal reporting guidelines (hereinafter named the "Guidelines"), available on request at the company's head office.

Independence and quality control

Our independence is defined by regulatory requirements and by the Code of Ethics of our profession inserted in the 30 March 2012 decree specific to the activity of accountants. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Limited assurance report);
- express, at the request of the company, a reasonable assurance conclusion that the information, selected by the company and listed at the appendix of this report, has been established, in all material aspects, in compliance with the Guidelines (Reasonable assurance report).

We called upon our CSR experts in order to be assisted in the achievement of our work.

We conducted our work in accordance with professional standards able to be applied in France and with the International Standard on Assurance Engagement ISAE 3000⁽¹⁾ and with the professional guidelines that can be used for specific attestations.

1. LIMITED ASSURANCE REPORT ON A SELECTION OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION OF WHICH A LIST IS FIGURING IN APPENDIX OF THIS REPORT

Nature and scope of our work

We conducted around fifteen interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understanding, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Regarding the consolidated selected CSR Information:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us⁽¹⁾ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 25% of headcount and between 19% and 100% of quantitative environmental data disclosed.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, selected by the company and listed at the appendix of this report, taken as a whole, is not presented fairly in accordance with the Guidelines.

2. REASONABLE ASSURANCE REPORT ON A SELECTION OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION OF WHICH A LIST IS FIGURING IN APPENDIX OF THIS REPORT

Nature and scope of work

Regarding the information selected by the company, listed at the end of this report, we undertook work of the same nature as those described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected represents between 36% and 51% of quantitative environmental information selected.

We consider that this work allows us to express a reasonable assurance opinion on the information selected by company.

Conclusion

In our opinion, the information selected by the company and listed at the end of this report, has been established, in all material aspects, in compliance with the Guidelines.

Paris, April 15, 2016

Original French report signed by:

Independent third-party body

Grant Thornton

Membre français de Grant Thornton International

Alban Audrain
Partner



Gilles Hengoat
Partner



⁽¹⁾ **For social and environmental information:** Française de Mécanique; Mulhouse; Poissy; Porto Real; Sept-fons; Vigo.

For environmental information only: Peugeot Carnaxide; Peugeot Oeiras; Peugeot RD Chelmsford; Peugeot RD Manchester.

Appendix

LIST OF THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION SELECTED BY THE COMPANY AND COVERED BY THE LIMITED ASSURANCE

Social quantitative information:

- Number of employees under permanent or fixed-term contract by region
- Gender and age group
- Hiring for open-end contract
- Breakdown of leavers under permanent contracts and dismissals
- Total management lost-time accident frequency rate (TF1 Management)
- Severity rate
- Occupational illnesses
- Hours of training

Environmental quantitative information:

- Water use
- Overall energy consumption
- Scope 1 and 2 greenhouse gas emissions (GHG)
- VOC emissions from paint shop facilities
- Gross discharges into water from plants (COD, DBO5, MES)
- Total weight of waste by type (foundry waste, non-hazardous waste, hazardous waste) and disposal method

Qualitative information of the following chapters:

- 2.1. Greenhouse Gas Emissions
- 2.2.1. Reduction of vehicle atmospheric pollutants
- 2.3.3. Vehicle safety
- 2.4. Environmental impact of materials and end of life: sustainable management of materials at every stage of the life cycle
- 2.5. Mobility solutions
- 4.1. Sustainable purchasing as a key element of group performance
- 4.2. Supplier relationship and purchasing practices
- 4.3. Social and environmental standards for purchasing
- 6.1. Ethical practices in business relationships
- 7. The group's commitment to society (excluding paragraph 7.5)

LIST OF THE SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION SELECTED BY THE COMPANY AND COVERED BY THE REASONABLE ASSURANCE

Environmental quantitative information:

- Water use
- Overall energy consumption
- Scope 1 and 2 greenhouse gas emissions (GHG)
- VOC emissions from paint shop facilities

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Cover:  VERBE
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Designed & published by  LABRADOR +33 (0)1 53 06 30 80



PEUGEOT S.A.

Incorporated in France with issued capital of €808,623,429

Governed by a Managing Board and a Supervisory Board

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