PSA PEUGEOT CITROËN

2014 CSR REPORT

CORPORATE SOCIAL RESPONSIBILITY

CONTENTS

1 A CSR PROGRAMME FULLY INTEGRATED INTO THE GROUP STRATEGY

CARLOS TAVARES
CHAIRMAN OF THE MANAGING BOARD

"... OUR LONG-TERM COMMITMENTS ARE PART OF A PROACTIVE STRATEGY THAT CONVEYS OUR VISION OF A RESPONSIBLE AUTOMOTIVE INDUSTRY AND REFLECTS THE THREE FOCUS AREAS WHICH FORM OUR CORPORATE SOCIAL RESPONSIBILITY PROGRAMME"

1.1. MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD G4-1

"BACK IN THE RACE" IN 2014, THE GROUP REAFFIRMS ITS COMMITMENT TO DRIVE ITS BUSINESS RESPONSIBLY.

"The Group's financial results and sales performance in 2014 show that PSA Peugeot Citroën is firmly on the path to a sustainable recovery, made possible by exemplary corporate governance and responsible dialogue with the employee and labour union representatives having signed the Group's New Social Contract. In my view, it was essential that this return to the front ranks of the automotive industry be accompanied by a strong commitment to a business model able to deliver sustainable growth year after year.

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 commitments presented in this report were defined following an analysis of the issues faced by an automobile manufacturer and provider of mobility services in the twenty-first century, while also giving due consideration to the concerns of our stakeholders. These long-term commitments, involving a set of goals to be met between now and 2025, are part of a proactive strategy for the way forward that conveys our vision of a responsible automotive industry and reflects the three focus areas which form our Corporate Social Responsibility programme:

- breaking ground in sustainable mobility;
- playing an active role in host countries, regions and communities;
- establishing and maintaining open lines of communication between labour and management as a responsible employer.

For PSA Peugeot Citroën, promoting sustainable mobility requires constant efforts to reduce our environmental impacts.

First of all, this means moving towards carbon-neutral mobility: with average CO_2 emissions of 110.3 g/km in 2014, PSA Peugeot Citroën maintained its low-carbon leadership in Europe and is at the forefront of efforts to mitigate climate change. This achievement is the direct result of our proven capacity for innovation, allowing us to bring varied and affordable product offerings to the market that incorporate best-in-class technologies for engines, joined with a constant focus on manufacturing lighter-weight vehicles.

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.

Lastly, sustainable mobility increasingly involves sharing, separating vehicle use from vehicle ownership. Businesses can only succeed today if they are attuned to the transformations taking place in society and in the markets. Overcrowding in cities is one of these factors, to which car sharing offers a viable solution. But car sharing also offers a way to meet the mobility needs of the disadvantaged, especially the most vulnerable members of society, those in rural communities and people residing in outlying urban areas not well served by public transport. Through its Foundation, the Group is working to develop solutions to strengthen social cohesion by serving marginalised populations.

In addition, the Group is fully conscious of its responsibilities as a core player in economic development for its host countries, owing to its dense supplier network. Accordingly, the Group pursues an active local supplier integration strategy in each of the main world regions where it has operations, notably Asia, Latin America and Europe. For example, the Group has received "Origine France Garantie" certification for 14 vehicles produced in its French factories.

This 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, such as the support provided through the Foundation to more than 300 community projects around the world.

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. Furthermore, the open lines of communication maintained with the various committees on health, safety and working conditions across the Group have also made possible the launch of prevention measures for both physical and psychosocial risk factors in the workplace, with exemplary results.

We have good reason to take pride in our socially responsible approach, which garnered high praise from rating agencies once again this year, thus encouraging us 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 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 consuming only 2 litres of fuel per 100 kilometres, tomorrow's cars are already being designed today at PSA Peugeot Citroën."

Carlos Tavares,
Chairman of the managing board

1.2. GROUP PROFILE

1.2.1. CORE BUSINESSES, BRANDS AND LOCATIONS

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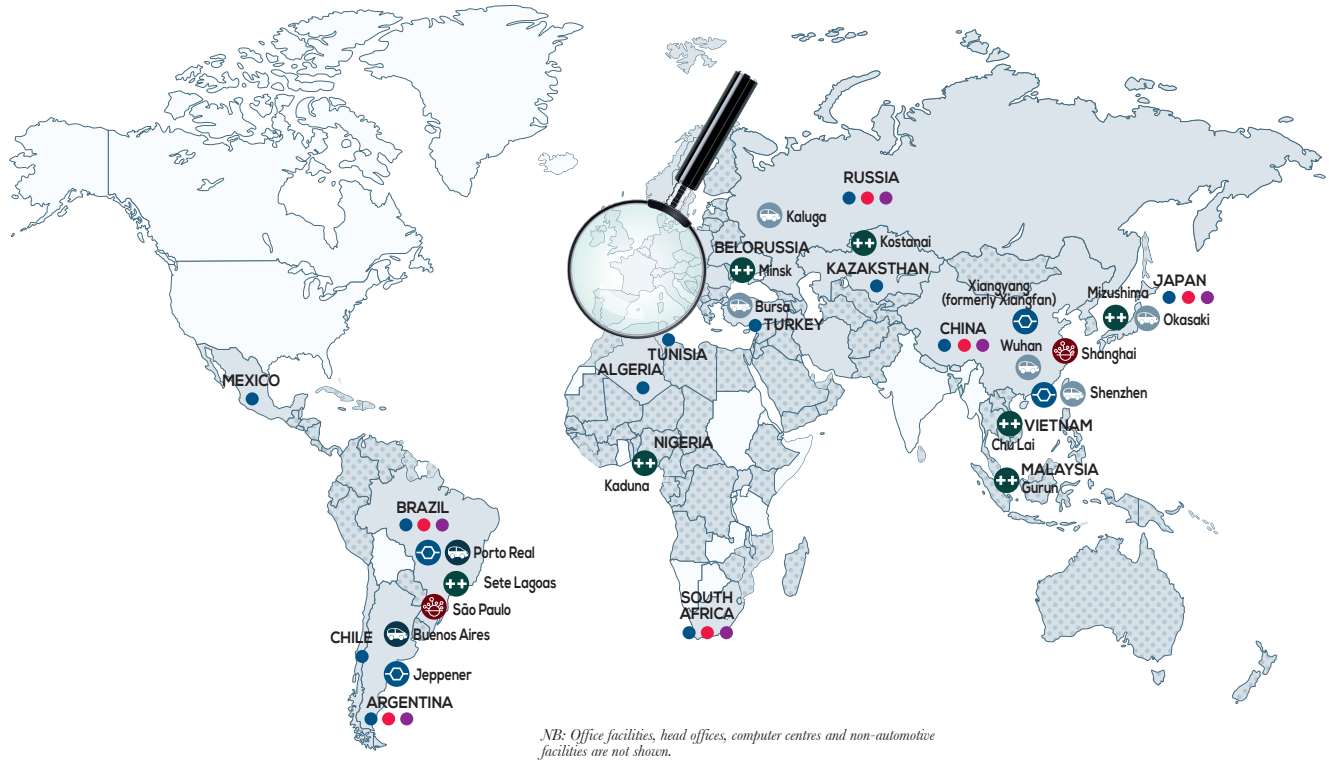
WORLDWIDE LOCATIONS

AUTOMOTIVE MANUFACTURING, R & D AND SALES ESTABLISHMENTS



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

MANUFACTURING ESTABLISHMENTS

- Automotive production plant (operated as a joint venture, partnership or through another form of cooperation)
- 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)
- Country where the Group's vehicles are sold by an importer

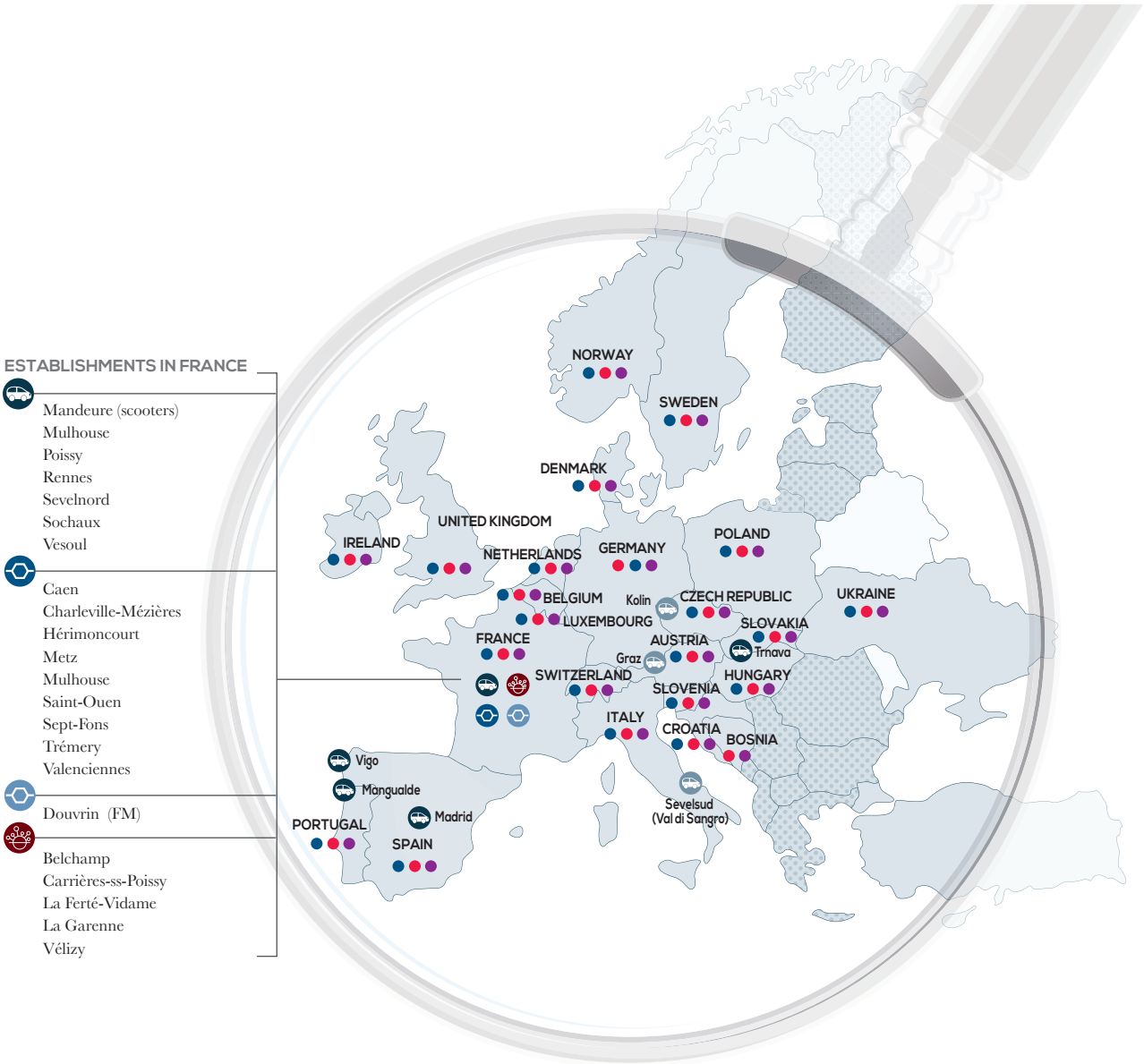
PEUGEOT

1,635,200
VEHICLES SOLD IN 2014

CITROËN

1,185,200
VEHICLES SOLD IN 2014

118,500
VEHICLES SOLD IN 2014



European leader

IN TERMS OF
CO_2 EMISSIONS IN 2014

CO_2

€54

BILLION IN REVENUE
IN 2014

PSA PEUGEOT CITROËN
OPERATES IN

160
countries

Backed by the strength of its three world-renowned brands – Peugeot, Citroën and DS – the Group sold 2.939 million vehicles worldwide in 2014, with nearly 60% of these sales generated outside Europe.

The second largest carmaker in Europe, PSA Peugeot Citroën recorded revenue of €53.6 billion in 2014. The Group has confirmed its position as the lowest CO_2-emitting auto-maker in Europe, with an average of 110.3 g of CO_2/km in 2014. PSA Peugeot Citroën has sales operations in 160 countries. It is also involved in financing activities (Banque PSA Finance) and automotive equipment (Faurecia).

The Group's operations are organised 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 Group 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 and Citroën brands and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the operations of Peugeot S.A., the Group's holding company, and Peugeot Motocycles.

This report reflects the corporate social responsibility policies, commitments and results of the Automobile and Finance Divisions for 2014.

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

THE PEUGEOT BRAND

With more than 10,000 outlets in nearly 160 countries, Peugeot delivers excellence, allure and emotion in everything it does.

In 2014, the brand sold 1,635,200 vehicles worldwide, stepped up the pace of its international expansion in core growth markets and continued its move upscale. In 2014, Peugeot maintained its vigorous and adaptive product policy, both within and outside Europe. Apart from the RCZ R and the new 308 SW, the year saw the market launch of the Peugeot 108, wider offerings in light commercial vehicles and the introduction of new vehicles in China, including the 2008 Urban Crossover.

In just a few years, Peugeot has revamped practically its entire line-up of vehicles, boasting the youngest in its history as a carmaker in 2014, three years on average!

Peugeot has also demonstrated its robust technological and environmental expertise, as well as its commitment to enhanced driving pleasure, with its new best-in-class BlueHDi Diesel engines, which will soon be installed in all its Diesel models, and the new EB Turbo PureTech petrol engines, powering the Peugeot 308 and 308 SW since March 2014.

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 Mu short-term rental and car-sharing scheme.

THE CITROËN BRAND

Citroën harnesses creative flair and technology to enhance well-being.

Since 1919, Citroën has played a key role in putting cars within reach of the greatest number, offering practical and purposeful solutions to the issues faced in every era. Citroën's 2014 models again delivered more of what really matters – better designs, greater comfort and additional useful technology – at an affordable price. With 10,000 sales and after-sales outlets in over 90 countries, Citroën sold 1,185,200 vehicles in 2014. The brand has also garnered eight Manufacturers' World Championship titles in the WRC, with two WTCC race winners in 2014.

Beginning in 2014, the new C-line models upped the ante for this value-oriented range, with eye-catching and modern looks and cleverly integrated technology, designed for simplicity at a competitive cost per use.

THE DS BRAND

Citroën launched the DS brand with the DS3 in March 2010 and its premium status is now widely acknowledged. 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. Designed for buyers looking for a way to express themselves on the road, the DS line now includes five models: the DS3, DS3 Cabrio, DS4, DS5 and DS 5LS, the last sold exclusively in China. All DS models make bold statements in terms of style, driving pleasure and elegance. They also stand out for their use of cutting-edge technologies, such as the HYbrid4 Diesel-electric powertrain, offered on the DS5. Marketed in Europe by Citroën in dedicated showroom areas, DS boasts its own network of sales outlets in China. 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 2014, DS confirmed its worldwide success with nearly 118,500 vehicles sold, bringing the total number sold since the launch of the brand to more than 528,000.

1.2.2. KEY FIGURES G4-9

MAIN FINANCIAL RESULTS

CONSOLIDATED REVENUE BY BUSINESS

(in million euros)	Automotive Division	Automotive Equipment Division	Other	Finance companies 100%	Finance companies Reconciliation	Eliminations and reconciliations	Total
2014 net revenue							
› from sales to outside customers	36,084	16,933	2	1,340	(752)	-	53,607
› from intragroup sales	1	1,896	97	363	-	(2,357)	-
TOTAL 2014	**36,085**	**18,829**	**99**	**1,703**	**(752)**	**(2,357)**	**53,607**
2013 net revenue							
› from sales to outside customers	36,414	16,042	3	1,463	(843)	-	53,079
› from intragroup sales	1	1,987	92	310	-	(2,390)	-
TOTAL 2013	**36,415**	**18,029**	**95**	**1,773**	**(843)**	**(2,390)**	**53,079**

CONSOLIDATED REVENUE BY REGION

In the table below:

- revenue is presented by customer marketing area;
- capital expenditure and assets are presented by host region of the subsidiary concerned.

(in million euros)		Europe	Eurasia	China and Southeast Asia	India Pacific	Latin America	Middle East & Africa	North America	Total
2014	**Revenue**	**37,530**	**856**	**3,830**	**1,101**	**3,948**	**2,367**	**3,975**	**53,607**
	Non-current assets (excluding deferred tax assets and financial instruments)	**13,690**	**172**	**337**	**84**	**313**	**566**	**398**	**15,560**
2013	Revenue	35,082	1,330	3,248	995	5,442	2,838	4,144	53,079
	Non-current assets (excluding deferred tax assets and financial instruments)	13,919	290	256	76	282	440	359	15,622

Detailed information on the breakdown of PSA Peugeot Citroën revenue by business and by region is available in Chapter 6 of the Group's 2014 Registration Document.

FINANCIAL SECURITY

(in million euros)	12/31/2014	12/31/2013
Cash and cash equivalents [1]	8,477	6,185
Financial investments	266	-
Current & non-current financial assets	520	405
TOTAL	**9,263**	**6,590**
Credit lines (undrawn) – excluding Faurecia	3,000	2,400
Credit lines (undrawn) – Faurecia	1,200	1,150
TOTAL FINANCIAL SECURITY	**13,463**	**10,140**
o/w Faurecia	*2,297*	*1,911*

(1) Including €443 million in Argentina.

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 PEUGEOT CITROËN BY ENERGY AND BY REGION

ENERGY	YEAR	China and ASEAN countries	Eurasia	Europe*	Asia Pacific	Latin America	Middle East, Africa	TOTAL
PETROL (and LPG)	**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
	2012	451,070	68,192	477,689	16,488	228,826	219,251	1,461,516
DIESEL	**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
	2012	1,410	19,708	1,248,283	6,546	54,032	140,996	1,470,975
HYBRID	**2014**	**8**	**1**	**12,246**	**6**		**102**	**12,363**
	2013	10	3	21,867	49		154	22,083
	2012	1		25,581	11		206	25,799
ELECTRIC	**2014**			**2,268**				**2,268**
	2013			1,184				1,184
	2012			6,620				6,620

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

WORKFORCE

(At 31 December)	2012	2013	2014
Group employees under permanent or fixed-term contracts (Automobile and Finance Divisions)	123,462	114,889	107,404

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. CORPORATE GOVERNANCE

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OWNERSHIP STRUCTURE

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

Main identified shareholders [1]	31 december 2014				31 december 2013				31 december 2012			
	Number of shares	% capital	% exercisable voting rights	% theoretical voting rights	Number of shares	% capital	% exercisable voting rights	% theoretical voting rights	Number of shares	% capital	% exercisable voting rights	% theoretical voting rights
Peugeot family group (EPF/FFP) [2]	110,622,220	14.13	22.96[3]	22.62[3]	89,685,461	25.27	37.89	36.77	89,685,461	25.27	37.91	36.78
Dongfeng Motor (Hong Kong) International Co., Limited (DMHK)	110,622,220	14.13	12.68	12.49	-	-	-	-	-	-	-	-
French State (SOGEPA)	110,622,220	14.13	12.68	12.49	-	-	-	-	-	-	-	-
Other individual shareholders [4]	67,529,442	8.62	8.00	7.88	48,453,904	13.65	11.71	11.36	60,246,342	16.98	14.75	14.31
Employees [5]	15,494,610	1.98	2.91	2.87	12,664,902	3.57	4.50	4.37	11,452,869	3.23	3.98	3.86
Other French institutions	95,019,246	12.13	10.89	10.73	46,048,734	12.98	11.04	10.71	52,236,259	14.72	12.52	12.15
Other foreign institutions	260,390,378	33.25	29.89	29.46	145,207,364	40.93	34.86	33.82	103,600,004	29.20	24.88	24.14
GM Automotive Holdings SL	-	-	-	-		-	-	-	24,839,429	7.00	5.96	5.78
Treasury shares	12,788,339	1.63	-	1.44	12,788,627	3.60	-	2.97	12,788,628	3.60	-	2.98
TOTAL	**783,088,675**	**100**	**100**	**100**	**354,848,992**	**100**	**100**	**100**	**354,848,992**	**100**	**100**	**100**

(1) Source Euroclear TPI 31 December 2014 and Nasdaq.
(2) EPF (Établissements Peugeot Frères) is a family holding company with maximum stake held by individual members of the Peugeot family. FFP is controlled by Établissements Peugeot Frères.
(3) This table does not reflect the agreement by the declarants to neutralise the impact of their double voting rights until 23 May 2016 by making these equal to the number of shares held immediately following the capital increase of May 2014, which is to say 110,622,220 voting rights.
(4) Individual and other accounts (by difference).
(5) This table does not reflect the capital increase reserved for employees undertaken in January 2015. 3,499,973 new shares were issued and the Company's share capital is now 786,588,648 shares.

Each share entitles the holder to a vote at the Annual Shareholders' Meeting.

Fully-paid up shares registered in the name of the same holder for at least four years shall carry double voting rights at Shareholders' Meetings.

In accordance with Article 223-11 of the AMF General Regulations, voting rights reported are calculated on the basis of all shares to which potential voting rights are attached, including shares that are deprived of voting rights (treasury shares). These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

DMHK (Dongfeng Motor Hong Kong International Co., Limited) and SOGEPA (whose share capital is wholly-owned by the French State) each invested around €800 million in the Peugeot S.A. capital increases carried out in April and May 2014, becoming key shareholders alongside FFP and Établissements Peugeot Frères (EPF), which also subscribed to these transactions in the amount of €142 million.

Following these transactions, DMHK, SOGEPA and FFP/Établissements Peugeot Frères each hold a 14.1% stake in the share capital of Peugeot S.A.

PRESENTATION OF MANAGEMENT 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, Remuneration 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

- 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.
- Geoffroy Roux de Bézieux, a Supervisory Board member since 2013 and Chairman of the Appointments, Remuneration and Governance Committee, chairs the economic committee of MEDEF.
- Marie Hélène Roncoroni, a Supervisory Board member, is Vice-Chairman of the PSA Peugeot Citroën Foundation.

STAKEHOLDER REPRESENTATION

EMPLOYEES

- Jean-François Kondratiuk was appointed as employee representative to the Supervisory Board, for a four-year term, 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.
- 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 will take 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 Annual Shareholders' Meeting.

MEMBERSHIP IN AN UNDER-REPRESENTED SOCIAL GROUP

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

1.2.4. "BACK IN THE RACE", THE GROUP'S NEW ROADMAP

"Back in the Race" is PSA Peugeot Citroën's strategic plan for the 2014-2018 period.

The aim is to make the Group a strong and profitable global player, to preserve and strengthen its expertise.

This plan is built on four key operating objectives:

1. **DS, Peugeot and Citroën, three brands recognised around the world**
   - The Group has already begun stepping up the development of DS as a full-fledged premium brand and further efforts along these lines will be pursued.
   - At the same time, the Group will continue to reposition the three brands, while clarifying their line-ups to ensure their complementarity, and will improve their net pricing positioning.
2. **A focused, targeted global product plan more aligned with market demand**
   - The Group's range of products will be gradually streamlined and reduced to 26 models by 2022. By focusing on more compact models, PSA Peugeot Citroën will be able to ensure better coverage of its markets and improved profitability.
   - In addition, this will help optimise the use of platforms and programmes around the world and allocate R&D spending and capital expenditure more efficiently.
3. **A drive for profitable growth worldwide in accordance with the fundamental tenets of the automobile business**
   - The Group will continue to accelerate its expansion in China, by tripling volumes with Dongfeng by 2022 and successfully completing the development of the DS brand.
   - The partnership signed with Dongfeng will also help accelerate growth in ASEAN countries.
   - At the same time, the Group will put Russia back on a stronger footing and transform its business model in Latin America, with the objective of returning to profitability in these two regions by 2017.
   - Lastly, PSA Peugeot Citroën will continue to identify expansion opportunities in new growth countries, for example in Africa and the Mediterranean basin.
   - To this end, a new worldwide organisation, structured around six main regions, was put in place on 1 September 2014: Eurasia, Europe, Middle East/Africa, Latin America, China and ASEAN countries, Asia-Pacific.
4. **Modernisation to build competitiveness, especially in Europe**
   - To address challenges in terms of competitiveness, PSA Peugeot Citroën is stepping up the modernisation of its plants and bringing them in line with global benchmark production facilities, while continuing to reduce costs and inventory.

All initiatives under the "Back in the Race" plan embody the Group's values as a responsible corporate citizen.

1.3. CSR ORGANISATION, STRATEGY AND POLICIES

For a Group like PSA Peugeot Citroën, 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 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.

A few examples are presented in the table below.

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
Strategy Committee	Environmental issues, including those relating to climate change and air quality
Appointments, Remuneration 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

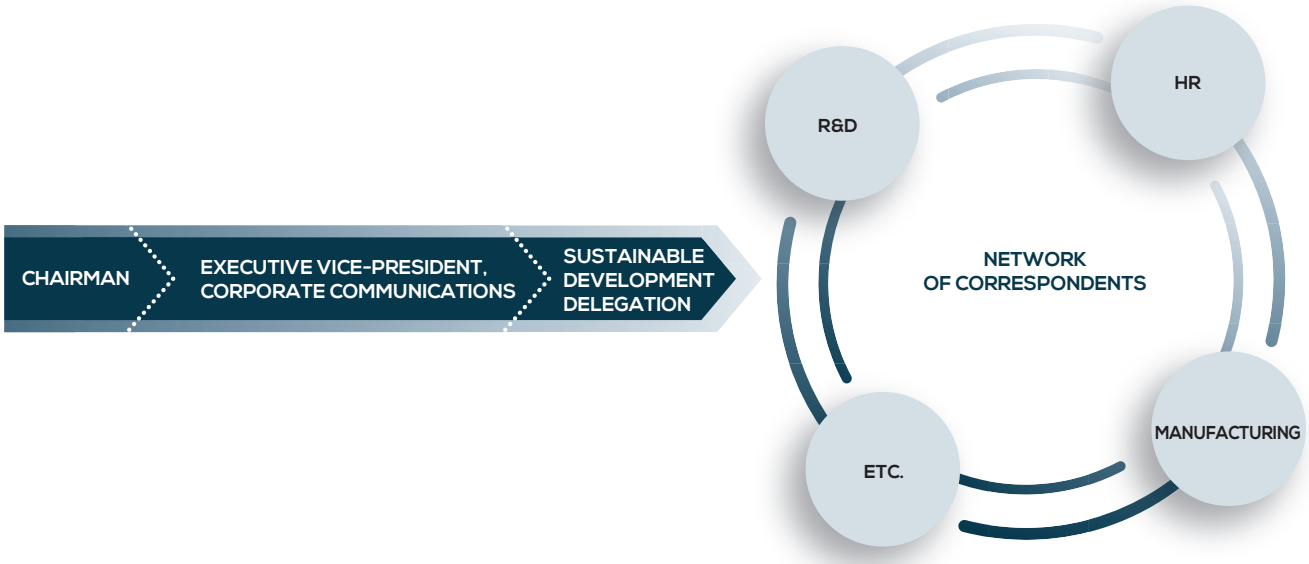
CSR ORGANISATION

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, philanthropy, etc.);
- organise dialogue with stakeholders, through this network, by mobilising the Group's experts on the subjects at hand;
- 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;
- 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;
- manage relations with CSR rating agencies, in particular by making every effort to provide them with all environmental, societal and governance information and by answering all their requests;
- represent the Group's interests with researchers, regulators, consumer bodies, industry bodies and other specialised institutions;
- 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 2014

- The coordination of cross-functional working groups with a view to identifying the Group's key CSR issues:

  This new CSR approach, better embedded within the Group's business activities, is reflected in a revamped organisation for the 2014 CSR Report, the publication of a materiality matrix for CSR issues and a new scoreboard of CSR activities intended for the Executive Committee, focusing on strategic CSR issues.
- The preparation and publication of a guide entitled "Giving cars their rightful place in tomorrow's mobility", intended for elected officials, organisations and industry players, whose aim is to make decision-making easier. This work is described below in the discussion of the Group's relations with stakeholders in 2014 (see section 1.4.2).
- Discussions on the preparation of a shared reference framework for evaluating suppliers in relation to CSR aspects as a member of a working group bringing together representatives of various French automotive industry players.
- Contributions to work on the definition of a positive economy ratio for companies under the aegis of C3D *(Collège des Directeurs de Développement Durable)*.
- 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)*.
- 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. These working groups and their activities in 2014 are as follows:
  - "Adaptation to climate change": this group completed the cycle of presentations by members of their actions and, in partnership with ONERC (the French national observatory studying the impact of global warming), prepared a document issued on 3 April 2014, shortly after the publication of a report on this subject by the Intergovernmental Panel on Climate Change (IPCC);
  - "Mobility in the sustainable city": this working group continued its review of the best practices of its members as well as new products and solutions helping to reduce emissions;
  - "Waste management, the circular economy and greenhouse gases": this working group completed its work in 2014, with the publication of the Food Loss & Waste Protocol on the website of the World Resources Institute (WRI);
  - "Financing of investments and emission reductions": EpE and several of its members are funding the research programme launched by CIRED, an international research centre on the environment and development, together with other partners, to study an innovative financing mechanism on an international scale. They serve on the steering committee for the programme.
- Identification of best practices as a member of MEDEF's "ESG Performance" working group.
- Identification of best practices as a member of AFEP's "Supply Chain Responsibility" working group.

1.3.2. KEY CSR ISSUES AND MATERIALITY MATRIX

G4-18 G4-19 G4-20 G4-21

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

Playing a very important role in the economies of developed countries, 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*).

By enabling individual mobility, the automobile is an intrinsic part of economic and social development.

It also has a significant impact on the environment, throughout every vehicle's life cycle: in design, in production, in use and at the end of its life.

Everyone in society needs to pull together and take meaningful action to address the complex challenges of sustainable development effectively, and businesses cannot avoid these issues. In addition, the extent of corporate social responsibility in each manufacturing sector is proportional to its economic contribution.

PSA Peugeot Citroën relies on continuous dialogue with the various stakeholders (customers, suppliers, legislators, etc.) in order to build long-term responses to the challenges faced, whether they are economic, environmental or social.

Once each 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.

Twenty-eight issues grouped into six categories were confirmed as material by PSA Peugeot Citroën's experts at working group sessions held in the spring of 2014. All of these issues are described below, indicating for each whether it is internal, external or both.

CATEGORY "WORKFORCE-RELATED"

- **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 reconversion of manufacturing sites with excess production capacity and the personalised accompaniment of employees in career mobility processes.

- **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: "Human rights and freedom of association" – 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.

CATEGORY "SUSTAINABLE MOBILITY"

- **Issue: "CO_2 emissions from vehicles/Fuel consumption" – internal and external impacts**

  The automotive industry is affected by increasing regulatory pressures and consumer demands for lower CO_2 emissions and fuel consumption. Examples include the European Union's CO_2 emissions target of 95 g/km by 2021 and China's fuel consumption target of 5 l/100 km by 2020.

  In order to meet these objectives, carmakers have several means at their disposal: technologies to improve the energy performance of combustion engines, technologies to use energy more efficiently (focusing on transmissions, gearboxes, lighter-weight vehicles, etc.) and alternative technologies involving breakthrough innovations (hybrid, electric, fuel cell, biodiesel, etc.).

  The market performance of automotive brands depends on their capacity both to comply with increasingly stringent regulations and to meet the expectations of consumers. It is therefore essential for carmakers to achieve reductions in CO_2 emissions and fuel consumption by their products.

- **Issue: "Air quality" – internal and external impacts**

  In light of the growing frequency and amplitude of extreme pollution episodes in core cities (Beijing, Paris, San Francisco, etc.), air quality in the urban environment is becoming an issue able to catalyse public opinion and therefore an important factor affecting the reputations of companies.

  The harmful effects of atmospheric pollutants on climate, ecosystems, natural habitats and agriculture as well as human and animal health are frequently mentioned by the media. 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. The consequences of inadequate quality for the financial performance of companies can be considerable: vehicle recall costs, warranty costs, brand image deterioration and loss of sales, penalties as a result of legal decisions, etc.

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

- **Issue: "Technology and innovation" – internal impact**

  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. With supplies of many raw materials becoming more difficult to secure, accompanied by escalating prices, carmakers face the risk of dependency on a limited number of suppliers and the need for adjustments as this aspect begins to account for a greater share of production costs.

  Furthermore, regulations require carmakers to eliminate hazardous substances (REACH, concentration limits for volatile organic compounds (VOCs), elimination of certain fluorocarbons in air-conditioning systems, etc.) and ensure optimum recycling of end-of-life vehicles.

  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.

- **Issue: "Mobility service offerings" – internal and external impacts**

  Recently, consumers have begun placing greater emphasis on their need for use than on their need for ownership. 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 thus foresee a total of 300,000 shared vehicles for commercial fleets in France by 2018, and 15 million users of car-sharing solutions by 2020 in Europe. Carmakers need to adapt their business models to these new mobility patterns.

CATEGORY "PROCUREMENT/SUPPLY CHAIN"

- **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. Supplier defaults expose carmakers to the core risk of production stoppage. It is therefore essential for the financial performance of carmakers to forge strong relationships with all supply chain actors. 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 at risk in Europe.

  The challenge for carmakers is therefore to build partnerships with their 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.

- **Issue: "Social and environmental standards for purchasing" – internal and external impacts**

  The Rana Plaza tragedy sent shockwaves around the world, focusing attention on the challenge of monitoring the social, environmental and ethical practices of subsidiaries and first- to n-tier suppliers of core companies. These companies continue to expand internationally, particularly in emerging countries, where they must ensure that social and environmental standards defined by supranational structures (Conventions and Recommendations of the 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 in all activities.

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

  Environmental impacts caused by transport cover a broad spectrum of issues, from localised pollution (noise, emissions into the air, 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.

CATEGORY "INDUSTRIAL ECOLOGY"

- **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.

  Most greenhouse gases emitted by manufacturing operations are attributable to primary and secondary energy consumption. The majority of this energy comes from non-renewable natural resources that are becoming increasingly scarce and costly. Accordingly, it makes sense to improve energy efficiency in order to reduce the carbon footprint of manufacturing operations and improve the Group's 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. Deteriorating air quality and public health concerns have resulted in the introduction of local and international regulations to control atmospheric emissions. Every manufacturer must therefore limit its emissions of sulphur oxides (SO_x), nitrous oxides (NO_x) and volatile organic compounds (VOCs) into the air. In particular, these pollutants 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.

  All of these regulations are constantly changing and impose frequent adaptations to new standards that require production plant investments.

- **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**

  Dwindling freshwater supplies have a direct impact on production processes that use large volumes of water. In regions where water supply sources are severely restricted, the organisation's approach to water consumption is also likely to influence relations with other stakeholders. Poorly managed water consumption can harm the environment by reducing the volume of water available or by altering ecosystem function (with economic and social impacts, in particular). Conserving water is a key objective at every production plant, reflected especially in effective management of water consumption.

  Furthermore, the quantity and quality of water discharged by the organisation directly influences its ecological impact and its operating costs. By improving the quality of water discharged or by reducing discharge volumes, the organisation is able to reduce its impact on the immediate environment. A failure to adequately manage wastewater effluents containing significant concentrations of chemicals can have a substantial impact on receiving environments.

- **Issue: "Biodiversity" – internal and external impacts**

  Biodiversity is essential to maintaining ecosystem balance. However, biodiversity is currently eroding at a pace 100 to 1,000 times greater than its natural rate. Even though the automotive industry is neither the sector most dependent on biodiversity nor the one whose impact on biodiversity is most severe, companies must work to preserve the integrity of natural habitats, thus ensuring acceptance of their industrial activities by neighbouring communities and contributing to the stability of the environment and natural resources. Companies must be particularly vigilant with regard to land situated within protected zones or other areas rich in biodiversity.

CATEGORY "ETHICS, GOVERNANCE AND ECONOMIC SUSTAINABILITY"

- **Issue: "Ethics in business relations" – internal and external impacts**

  At a time when there is heightened awareness of ethical issues and corruption risks, carmakers must make sure, even though they are not the industrial players most affected, that their activities, particularly in countries categorised as "high risk" by specialised NGOs, do not expose them to regulatory infringements. They must also ensure compliance with competition rules in increasingly difficult market environments. Convictions resulting from breaches of ethical principles 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 authorities, elected 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 may be extended to other sectors after 2017.

  Core industrial firms like PSA Peugeot Citroën 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 Peugeot Citroën in the area of corporate social responsibility.

CATEGORY "SOCIETAL"

- **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.

- **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.

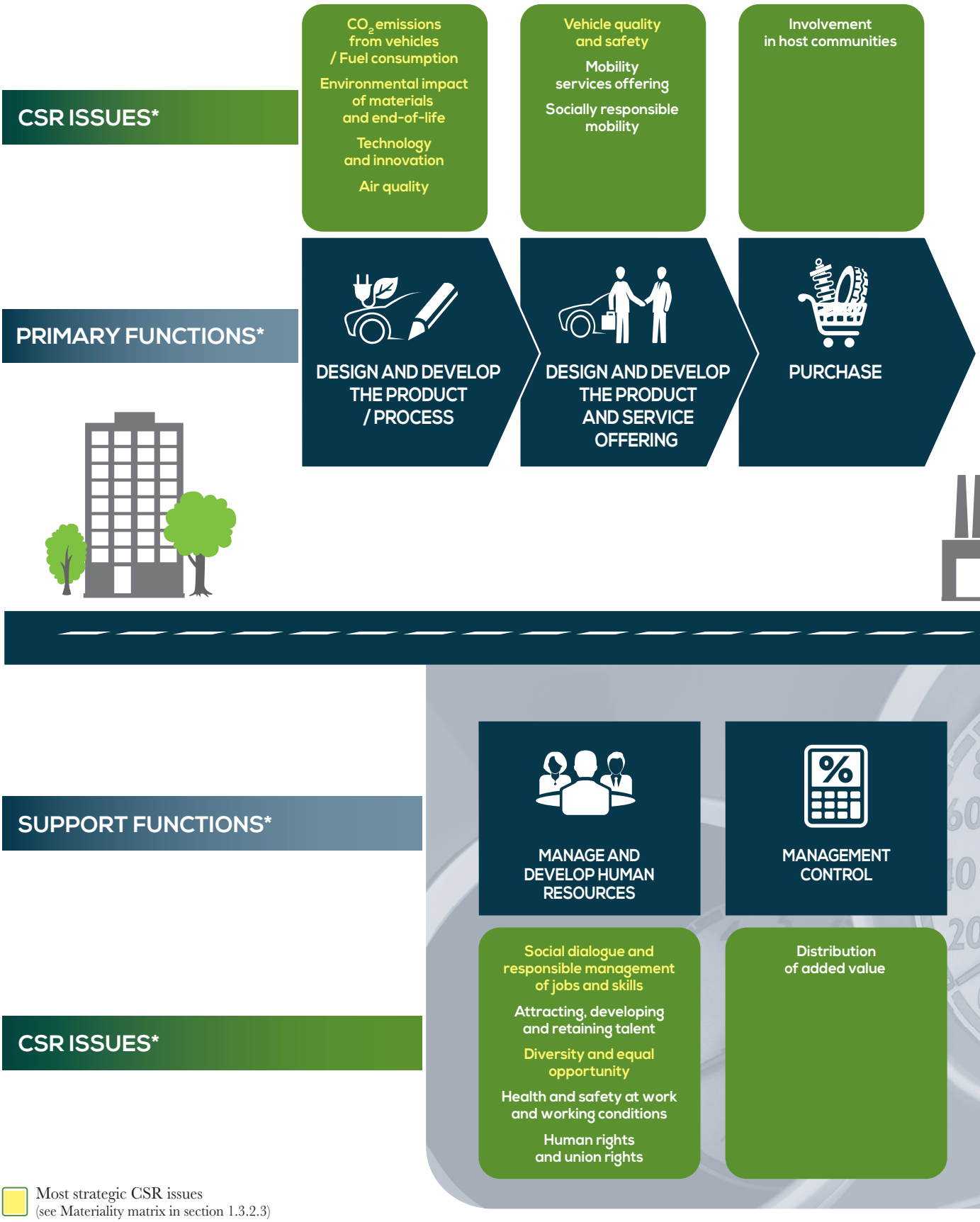
  Stakeholder expectations tend to increase along with the size of the companies involved and the burden is therefore relatively high for carmakers.

PSA Peugeot Citroën 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.

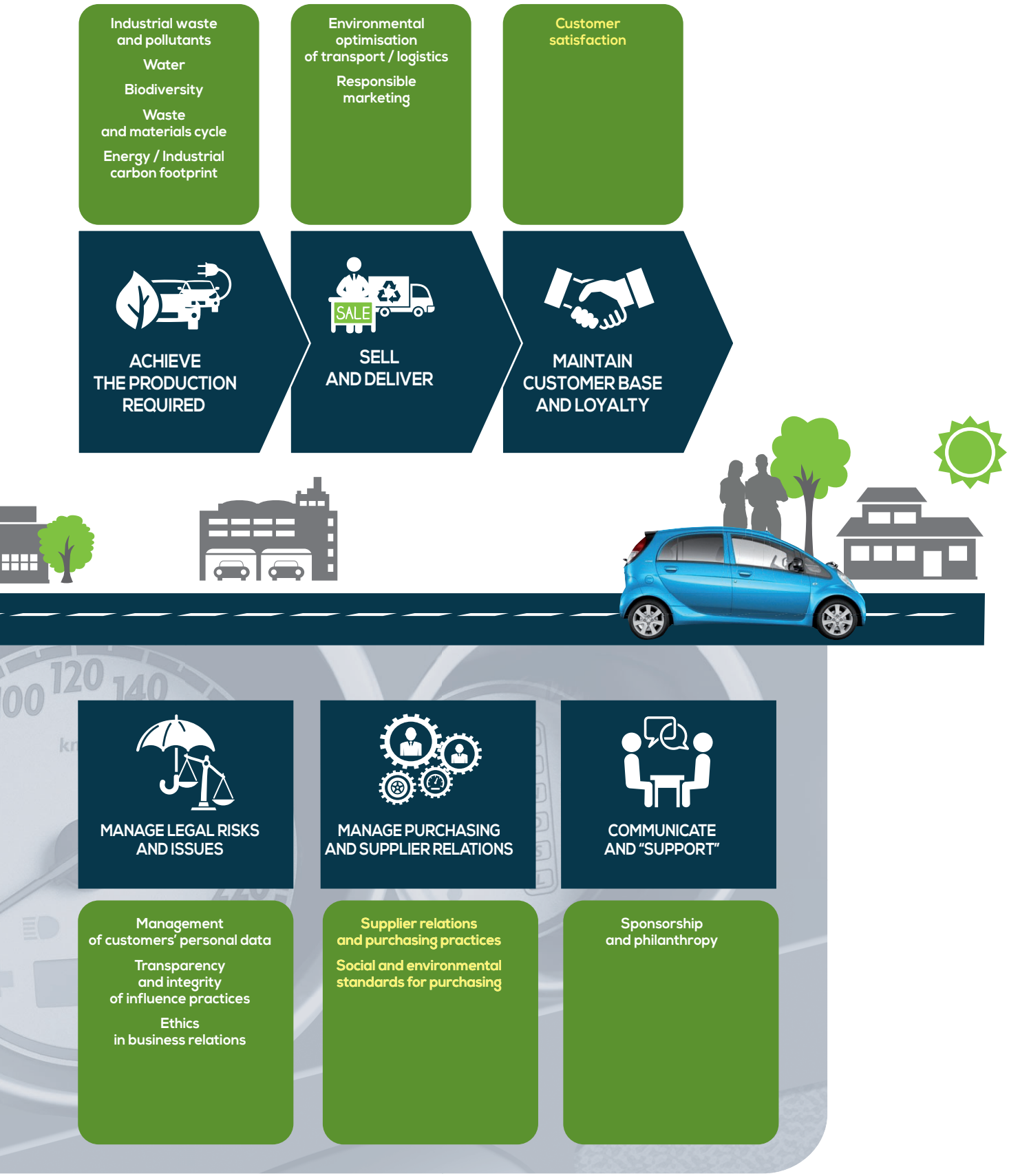
1.3.2.2. THE PSA PEUGEOT CITROËN VALUE CHAIN

The perspective brought by the Group to the analysis and management of its value chain is one that 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 document.



Most strategic CSR issues
(see Materiality matrix in section 1.3.2.3)

* CSR issues, Primary functions and Support functions specific to PSA Peugeot Citroën.

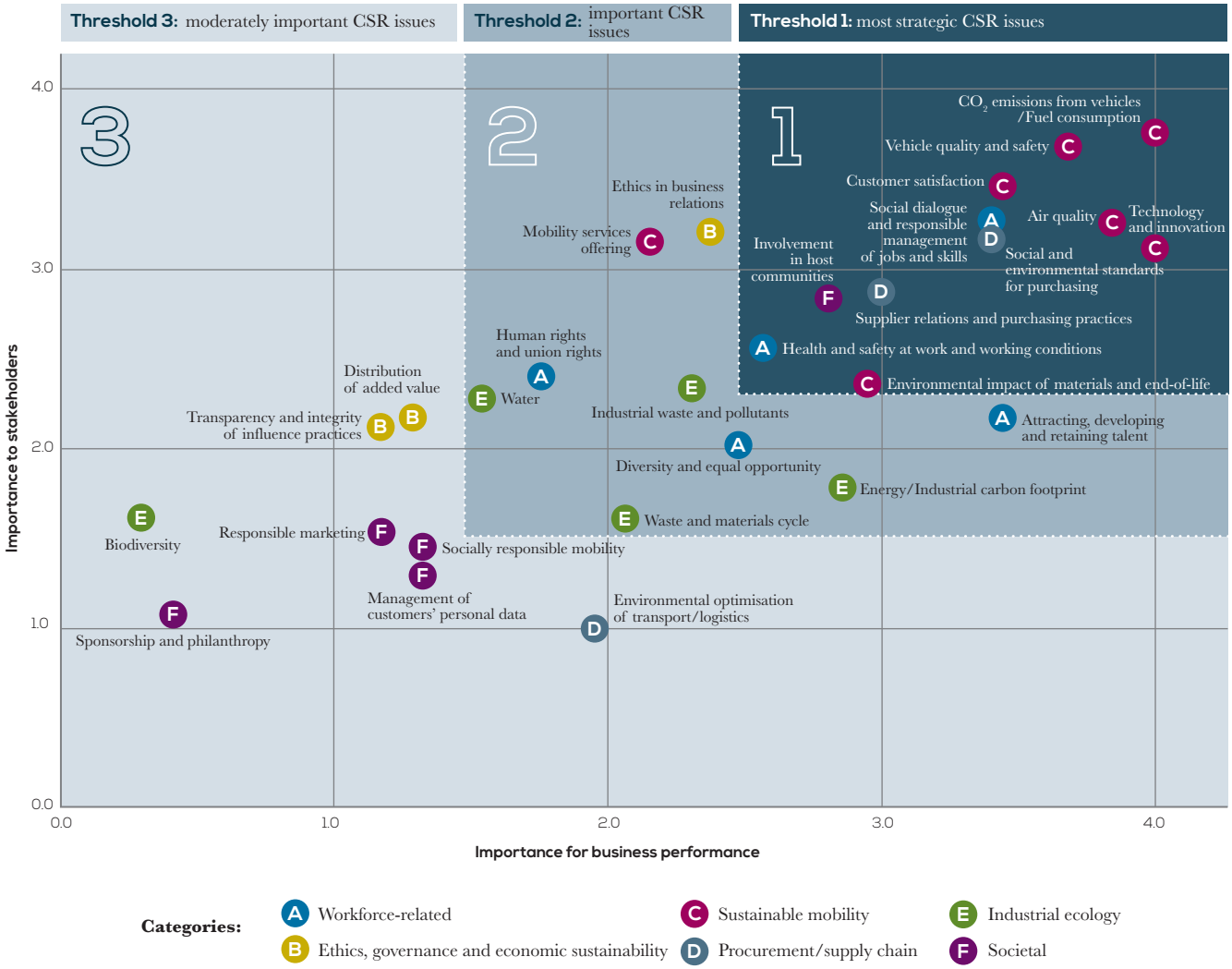

Industrial waste and pollutants
Water
Biodiversity
Waste and materials cycle
Energy / Industrial carbon footprint
Environmental optimisation of transport / logistics
Responsible marketing
Customer satisfaction
ACHIEVE THE PRODUCTION REQUIRED
SALE
SELL AND DELIVER
MAINTAIN CUSTOMER BASE AND LOYALTY
MANAGE LEGAL RISKS AND ISSUES
MANAGE PURCHASING AND SUPPLIER RELATIONS
COMMUNICATE AND "SUPPORT"
Management of customers' personal data
Transparency and integrity of influence practices
Ethics in business relations
Supplier relations and purchasing practices
Social and environmental standards for purchasing
Sponsorship and philanthropy

1.3.2.3. PSA PEUGEOT CITROËN'S MATERIALITY MATRIX

G4-2 G4-23 G4-45 G4-46 G4-48 G4-EC2

PSA Peugeot Citroën 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."



METHODOLOGY USED TO PREPARE THE GROUP'S MATERIALITY MATRIX G4-23

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

In the initial phase, a list of important CSR issues was 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 was confirmed by way of 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. A number of working sessions were organised, which served to round out the information associated with each issue, its context, the risks and opportunities involved for the Group, and PSA Peugeot Citroën's current initiatives to address the issue.

The issues thus defined were 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 were scored so that they could be positioned on the materiality matrix. A specific working group was 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 was co-chaired by the Group's Sustainable Development Delegation and its coordinator. These groups used a shared methodology to score the issues in order to guarantee a consistent result. More than 48 of PSA Peugeot Citroën's experts took part in this exercise, evaluating each issue 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 Peugeot Citroën's business performance**

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

  Issues were scored on the basis of the following weightings:

  - **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 Peugeot Citroën's stakeholders**

  14 PSA stakeholder categories were identified as significant for Group: employees, certification bodies and research partners, shareholders and investors, financial and ESG analysts, suppliers, individual and business customers, distribution and after-sales service networks, consumer organisations, communities (residents living near sites, non-profit and charitable organisations, local authorities), social partners, elected officials/government authorities, print, broadcast and digital media, cooperative and joint venture partners, non-governmental organisations.

  The following factors were 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 the completion of this scoring process, the issues were positioned on the materiality matrix. The working group coordinators then met to define together 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 consisted 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

1.3.3.1. INTERNAL CONTROL PROCEDURES

OBJECTIVES OF INTERNAL CONTROL

As part of its commitment to preventing and limiting the effect of internal and external risks, PSA Peugeot Citroën 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;
- reliable financial reporting.

More generally, these procedures and processes also contribute to the proficient management of the Group's businesses, the effectiveness of its operations and the efficient use of its resources.

REFERENCE FRAMEWORK USED BY PSA PEUGEOT CITROËN

The Group's risk management and internal control procedures comply with and operate according to the rules of the eighth EU Directive on legal oversight of financial statements, the reference framework issued by the AMF in January 2007, and the Report of the working group on Audit Committees published by the AMF on 22 July 2010. The Group's banking arm uses a specialised system for financial institutions that complies with CRBF Regulation No. 97-2 relating to the internal control procedures of financial institutions.

INTERNAL CONTROL PRINCIPLES

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

- reflect the Group's strategic objectives, which are to be a global and profitable Group ranked among the world's leading volume carmakers;
- proactively identify the risks capable of affecting the Group over the medium to long term;
- involve all of the Group's companies in the process, manage risks and ensure internal control compliance in all of their operations;
- focus on action plans and outcomes, with a constant view to supporting operating efficiency;
- comply with applicable laws and regulations, exemplary behaviour and ethical practices, which the Group believes to be essential to responsible growth;

- 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 the specific top risks to which the Group is exposed, in order to develop appropriate action plans that address these risks and a system for reporting them to the Executive Committee;
- 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 Peugeot Citroën's risks.

- The Group's organisation and operating procedures are decided by Executive Management, and defined in reference documents forming a working framework followed by all participants.

  They include the Organisation Handbook and the Operating Procedures Handbook (hereinafter the "Operating Procedures"), which are expanded and updated regularly. These handbooks describe the procedures to follow, the division of responsibilities and the rules to be applied by all employees, in all their day-to-day business activities.

  In addition, each operating unit or Group department has its own operating guide describing its operating procedures and processes as well as its interfaces with the other operating units or departments.

  All these general and specific guidelines are available on an intranet site dedicated to the Group's Excellence System. Based on lean management principles and a culture of continuous improvement, this system structures the Group's organisation, management and working methods, thereby enabling the development of formal standards.

- The risk management system is deployed Group-wide.

  Each operating unit or department oversees the management and control of its own risks in accordance with the guidelines contained in the Operating Procedures, by incorporating this process within its current operating practices. All operating units and departments identify their own risks and regularly update their risk assessments, taking existing risk management procedures into account and developing the necessary action plans.

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

  Twice a year, each operating unit or department prepares a "Top Risks" report on its risks having the greatest impact and considered the most material (impact × likelihood). These reports are sent to the Corporate Secretary via the Audit and Risk Management Department.

  To supplement this perspective, the Audit and Risk Management Department identifies the Group's "Top Cross-Functional Risks" once a year, when it meets with a representative sample of the Group's key executives and managers. Appropriate action plans are then approved and implemented to manage these risks.

  Mappings of the "Top Group Risks" (compiled from the "Top Risks" reports of the operating units and departments and the "Top Cross-Functional Risks" report) are reviewed twice a year by the Executive Committee and presented to the Finance and Audit Committee. During these two reviews, the Executive Committee approves the action plans for managing 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 the second chapter 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 and expanded in 2010. It is directly available to all employees via a Group intranet site. All Group managers 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 fraud-prevention system was enhanced in 2012 and made the responsibility of the Group Ethics Committee. The Committee delegates its management, investigations, incident follow-up and reporting to the Group's Security Department.

  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 Legal Affairs Department, which reports to the Corporate Secretary, is responsible for preparing or verifying the Group's contractual commitments and ensuring their legal and regulatory compliance. It is also in charge of organising the Group's defence in the event of disputes with third parties. In this way, it helps to limit and manage the Group's exposure to legal risks as an employer, a designer and distributor of vehicles, a purchaser of components and a provider of services.

  The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's 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 prepares annual budgets, updated forecasts and monthly estimates in conjunction with the various business divisions in order to measure and track actual performance against targets. It controls the results of the operating departments and the Group's projects, and produces summary reports. 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 also performs audits to ensure that all Operating Procedures are observed and that general and specific risk management procedures are applied throughout all the Group's departments and operating units. 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 107 audits were carried out in 2014 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 Supervisory Board 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.

  The Finance and Audit Committee may also be asked by the Managing Board, the head of Audit and Risk Management or the Statutory Auditors to review any event exposing the Group to significant risk.

BANQUE PSA FINANCE

In line with CRBF Regulation 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

CSR risks are managed using the same procedures as all other Group risks.

The Group places a priority on ensuring that the risks inherent in its business activities are effectively managed. To this end, the Group has rolled out a risk management approach focusing on "Top Risks" that aims to identify, evaluate and handle the most material risks to which the Group is exposed (for details of this approach, see sections 1.5 and 3.3 of the Registration Document). Core risks associated with CSR are covered by this approach: emissions risks, supplier risks, industrial risks, environmental risks, occupational health and safety risks, in particular. 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.

Ethics risks are presented in the sixth chapter of this document, where the procedures for the management of these risks are detailed (section 6.1.2).

1.3.4. CSR POLICIES: COMMITMENTS, OBJECTIVES, ACTION PLANS AND KEY INDICATORS

1.3.4.1. THE GROUP'S APPROACH TO CSR G.20

In line with its adhesion to the principles of the United Nations Global Compact since 2003, the Group's CSR policy meets its strategic objectives and is built on three pillars, which extend its scope beyond the mere design, manufacture and marketing of automobiles.

Accordingly, the Group is positioned as:

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

PSA PEUGEOT CITROËN, A GROUP TREND-SETTER IN SUSTAINABLE MOBILITY

The market leader in many technologies and the first volume automaker to offer these technologies across the full range of its models, the Group focuses its innovation strategy on reducing its environmental impact and responding to the challenges of urban mobility.

CLEAN TECHNOLOGIES TO DRIVE LOWER EMISSIONS, AIR QUALITY IMPROVEMENTS AND MATERIAL CYCLE OPTIMISATION

Most of the Group's environmental impacts come from the use of its products. Every year, the Group thus makes considerable investments to reduce the CO_2 emissions of the vehicles it sells. In 2014, the new EP Turbo-AT6 III and EB Turbo PureTech engines, in compliance with Euro 6.1 standards, reduce CO_2 emissions by 13% and 18%, respectively. Improvements in engine efficiency, combined with programmes to make vehicles lighter and more aerodynamic, have enabled the Group to shrink average CO_2 emissions for its new vehicles marketed in Europe in 2014 to 110.3 g/km. This performance makes the Group the leading European carmaker in this area.

The Group is also continuing its efforts to reduce fuel consumption by its vehicles: Already in 2013, the Group unveiled its Hybrid Air prototype, a vehicle with a full-hybrid powertrain that combines a petrol engine, compressed air and hydraulic power. This prototype is one of the approaches being pursued to meet the goal of manufacturing a "2 l/100 km" vehicle. And in 2014, PSA Peugeot Citroën announced the development of a powertrain combining plug-in hybrid technology (plug-in hybrid-electric vehicles, PHEVs) with a petrol engine. This new technology, called Hybride Plug-in Essence, which mobilises expertise across the Group, will makes its appearance in future line-ups to be marketed worldwide and will allow for operation in zero-emission vehicle (ZEV) mode in urban areas with a range of 50 km, CO_2 emissions of less than 50 g/km and fuel consumption of 2 l/100 km. Complementing the PureTech and Blue HDi technologies in Europe, this innovation will allow the Group to maintain its position at the forefront of industry efforts to reduce emissions by 2020.

Constantly mindful of air quality, PSA Peugeot Citroën continues to innovate in this area. Inventor of the particulate filter, provided as standard equipment in its Diesel models beginning in 2000 and thus anticipating standards by ten years, the Group has sold Diesel vehicles equipped with its Blue HDi exhaust line (employing selective catalytic reduction (SCR) technology) since 2013, thus eliminating up to 90% of nitrous oxide emissions.

As cities install the necessary infrastructure, electric vehicles will increasingly become a plausible alternative solution, especially for urban use, in the context of car-sharing initiatives and for delivery vehicles in the field of last-mile logistics.

The Group is fully aware that it must also optimise its use of natural resources and limit the environmental impact of its products, from the drawing board until end-of-life recovery and recycling. To this end, life cycle assessments allow for the evaluation and validation of the technology and materials selected for use in new vehicle projects, applying an eco-design approach. The Group's R&D teams aim to integrate a growing percentage of green materials in vehicle projects, in other words, materials derived from recycled plastics, steel or aluminium, materials from natural resources (wood, vegetable fibres, etc.) or bio-sourced materials (polymers from renewably sourced materials and not derived from petrochemicals).

"EXCELLENT PLANT" STRATEGY: REDUCING THE ENVIRONMENTAL FOOTPRINT OF MANUFACTURING PROCESSES

As part of its "Excellent Plant" strategy, which focuses on achieving excellence in all areas of industrial performance, the Group aims in particular to reduce its environmental footprint by applying its best practices, such as more compact operations without any decrease in production capacity, at all its plants.

CONNECTED CARS, CREATING TOMORROW'S MOBILITY SOLUTIONS BY INTEGRATING TODAY'S SMART DEVICES, FOR GREATER COMFORT, EASE OF USE AND SAFETY

With 5 billion mobile phone subscribers, 2.5 billion Internet users and 1 billion smartphones sold worldwide in 2013, it had already been clear for some time that the automotive industry needed to engineer its own digital revolution.

PSA Peugeot Citroën positioned itself proactively and quite early, responding to the emerging transition from an economy based on ownership to one based on use, thus anticipating the expectations of its customers as well as changes in society: Mu by Peugeot (allowing consumers to select the vehicle they need for each type of use) and Share Your Fleet (a car-sharing solution aimed at fleets operated by businesses and local authorities), among other solutions, are already available in several European countries.

A pioneer in emergency call and assistance systems, having equipped more than 1.5 million vehicles with its solutions since 2003, PSA Peugeot Citroën continues to develop its connected services. Launched in 2012, the Peugeot Connect Apps and Citroën Multicity Connect solutions offer drivers an entirely new approach to usability: assistance, but also communication and information. These applications pave the way to a new generation of connected services designed to optimise vehicle user mobility by enhancing comfort, fluidity, services and safety.

PSA Peugeot Citroën's constant aim is to develop innovative services to meet the new expectations of its customers in terms of mobility. The Group is committed to offering a new driving experience by connecting users to users rather than just vehicles to vehicles.

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

INTERACTING WITH CIVIL SOCIETY

In recent years, the Group has focused its societal commitment on mobility as a means of fostering social ties and helping to get people back into mainstream society. Established in 2011 with the motto "A World on the Move", the PSA Peugeot Citroën Foundation supports projects promoting social integration through mobility and access to education. The Foundation has already provided support in the form of funding, equipment and volunteer time to more than 300 projects, 20% of which are outside France.

SUPPLIER RELATIONS: A RESPONSIBLE PARTNERSHIP

The Group pursues its local integration strategy by choosing suppliers situated in close proximity to its production sites. By increasing the percentage of local purchases, the Group is demonstrating that its operations support the economic development of its host regions and countries. The Group leverages its relations with suppliers with the

goal of becoming more competitive in terms of cost-effectiveness, quality, innovation and the creation of shared value.

With its core suppliers, the Group builds strong relationships encouraging all partners to share know-how in a spirit of long-term close collaboration. The Group is also committed to supporting the entire automotive industry in France.

For PSA Peugeot Citroën, forging solid, lasting supplier relationships requires compliance with its "Social and Environmental Guidelines for Suppliers": Contractual clauses in all the Group's agreements with suppliers require them to share in the Group's commitments to corporate citizenship and sustainability.

PSA PEUGEOT CITROËN: DEPLOYING A RESPONSIBLE HUMAN RESOURCES POLICY

DEVELOPMENT SUPPORTED BY INTERNATIONAL DIALOGUE

As a signatory of the United Nations Global Compact, the Group has pledged to uphold and promote its ten principles, which are inspired by the Universal Declaration of Human Rights. This public commitment is the basis for the Group's Global Framework Agreement on Social Responsibility. Signed in 2006 by more than 90 labour unions around the world and applied by all Group subsidiaries in all host countries, the Global Framework on Social Responsibility was renewed in 2010 to include a new objective related to environmental protection.

PERSONALISED CAREER DEVELOPMENT SUPPORT

As a demonstration of its commitment to responsible development and in order to conduct its necessary transformations in the best possible way, the Group makes sure that employees are not left to manage transitions in their careers on their own. Guided by its central Skills Monitoring Unit, the Group anticipates its future requirements and provides assistance with mobility opportunities for employees wishing to broaden their horizons and move into professions likely to see considerable development, thanks to a strong programme of training and retraining initiatives.

The effectiveness of the Group's social dialogue is particularly evident in the difficult circumstances engendered by these transformations. Accordingly, on 24 October 2013, the Group signed a New Social Contract with employee and labour union representatives, which aims to promote the co-construction of the Group's recovery and to maintain a powerful industrial and technology base in France by 2016, while preserving employees' basic interests.

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

The Group also celebrates the diversity of its people and their cultures and makes equality and respect for differences one of the founding principles of its responsible human resources policy. The deployment of the Worldwide Diversity Commitment has provided the Group with a reference framework. This framework contains seven founding principles designed to enable teams to take into consideration gender balance and diversity issues and the challenges they represent.

A COMMITMENT TO HEALTH AND SAFETY

The Group believes that the only acceptable goal is an accident-free workplace, and that it cannot develop its business without first ensuring employee safety. The Group focuses its efforts in this area on five key priorities: the prevention of musculoskeletal disorders, the elimination of chemical-related, psychosocial and road safety risks, and the detection of situations that put employees at risk.

Today, the improvements achieved in occupational health and safety performance by the Group's operations confirm the long-term nature of this strong commitment.

BEHAVIOUR GOVERNED BY THE GROUP'S ETHICAL STANDARDS

In line with its history and a corporate culture based on respect and responsibility, the Group asks each and every one of its employees to comply with its Code of Ethics in their professional activities. This code sets out rules of conduct designed to minimise risks or remedy any situations of corruption, fraud or failure to comply with regulations. It is applicable in all the Group's host countries.

In all regions where it operates, the Group demonstrates its social responsibility as a good corporate citizen, taking all reasonable steps in the conduct of its business activities to minimise negative environmental, social and economic impacts.

1.3.4.2. SCOREBOARD: COMMITMENTS, OBJECTIVES AND KEY INDICATORS

PSA Peugeot Citroën'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, whose progress is monitored: 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 the Group's areas of social and environmental 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 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
CO_2 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 thanks to the range of high-performance engines and programmes to make vehicles lighter and more aerodynamic that have made the Group the European leader in this area, and the deployment of a plug-in hybrid petrol-electric powertrain in the majority of models sold worldwide.	Raise the proportion of vehicles (passenger cars and light commercial vehicles) sold by the Group in Europe that emit less than 100 g/km of CO_2 to more than 28%.	Target met: 29.9% of vehicles (passenger cars and light commercial vehicles) sold by the Group in Europe emit less than 100 g/km of CO_2.	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.
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.	Reduce nitrous oxide emissions of new Diesel vehicles by 80% compared with 2014 levels Equip all new direct-injection petrol-powered vehicles sold with particulate filters.	New public target.	Situation in 2014: 2014 serves as the benchmark year for worldwide vehicle sales to select the Diesel vehicles to be measured in 2015.	Measurement of NOx 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).
ENVIRONMENTAL IMPACT OF MATERIALS **Organiser: Executive Vice-President, Research & Development**	**Commitment 3:** Market vehicles made with at least 30% green materials (recycled, natural or bio-sourced).	Guarantee an average minimum rate of integration of recycled and natural materials of 30% for the Group's average vehicle.	30% of overall vehicle mass made with recycled and natural materials (for vehicles launched in 2014).	Target met: the Peugeot 308 and Citroën C4 Cactus integrate 30% recycled and natural materials.	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: 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.

STRATEGIC CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
TECHNOLOGY AND INNOVATION **Organiser: Executive Vice-President, Research & Development**	**Commitment 4:** Develop and implement technologies to design attractive, connected and autonomous vehicles, with a low impact on the environment.	Market vehicles featuring intuitive decision-making abilities to meet customer requirements in terms of well-being, autonomous driving and safety.	New public target.	Situation in 2014: Presentation of innovations relating to reduced CO_2 emissions (April), connected cars (June) and attractiveness/ well-being (April & November).	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.
VEHICLE QUALITY /CUSTOMER SATISFACTION **Organiser: Executive Vice-President, 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, rank among the top three carmakers for each of its three brands in four areas: offerings, reliability, sales and after-sales service (measured on the basis of benchmark studies in each region).	New public target.	Situation in 2014: The indicators are well on track to meet the target: - warranty claim rates of 45 in China (with partners), 70 in Latin America and 83 in Europe (basis of 100: July 2011); - recommendation rate of 113 in sales and 114 in after-sales service (for France, Germany, Italy, Spain and the United Kingdom; basis of 100: 2011).	Application of the Quality Management System at its highest maturity level to achieve goals in 2015: warranty claim rates of 39 in China (with partners), 59 in Latin America and 77 in Europe (basis of 100: July 2011); recommendation rate of 117 in sales and 117 in after-sales service (for France, Germany, Italy, Spain and the United Kingdom; basis of 100: 2011).
SOCIAL DIALOGUE AND RESPONSIBLE MANAGEMENT OF JOBS AND SKILLS **Organiser: Executive Vice-President, 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.	Implement the New Social Contract, in particular the clause relating to the intergenerational contract at PSA, combining job retention leave for older employees with the recruitment of young people under work-study arrangements.	Implementation of the agreement from January in France. Recruitment of 1,050 young people under work-study arrangements as provided by this agreement.	Definition, by mutual agreement and for each organisational transformation, of a set of measures, appropriate to each country, to promote employment security.
HEALTH AND SAFETY AT WORK AND WORKING CONDITIONS **Organiser: Executive Vice-President, Human Resources**	**Commitment 7:** Guarantee occupational health and safety.	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.	An annual average lost-time accident frequency rate(*) of 1%.	Target not met: Lost-time accident frequency rate(*) = 1.38% Improvements achieved in manufacturing were not able to offset the deterioration in results for sales. After making considerable progress in this area (2011 rate > 2.4%), the rate has stabilised at around 1.3%.	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%.

** Including temporary employees.*

STRATEGIC CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING **Organiser: Executive Vice-President, Procurement**	**Commitment 8:** Take CSR criteria into account when choosing suppliers.	Minimise CSR risks in the supply chain: - by evaluating 90% of sites operated by 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.	100% of supplier selections for vehicle parts contracts take into account the results of an evaluation based on CSR criteria (including questionnaire, charter, audits, etc.).	Target not met: 82.86% of supplier selections for vehicle parts contracts take into account the results of an evaluation based on CSR criteria (including questionnaire, charter, audits, etc.).	Consideration given to an evaluation based on CSR criteria in 90% of supplier selections for vehicle parts contracts at end-2015 (self-assessment questionnaire, third-party evaluation or audits, etc.). Signing by 90% of suppliers of the Social and Environmental Guidelines for PSA Peugeot Citroën Suppliers.
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.	New public target, including tier 1 and tier 2 suppliers.	Situation in 2014: local supplier integration rates: Russia: 34%; Latin America: 64.5%.	Achieve, at stable parity, a local supplier integration rate of at least: Russia: 41%; Latin America: 67.5%.

1.3.5. AN APPROACH RECOGNISED BY SRI (SOCIALLY RESPONSIBLE INVESTMENT) RATING AGENCIES

1.3.5.1. PSA PEUGEOT CITROËN'S CSR PERFORMANCE EVALUATION RESULTS

A number of SRI indices include PSA Peugeot Citroën, 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	Most recent PSA Peugeot Citroën performance evaluation
FTSE4Good	EIRIS	Reconfirmation of PSA Peugeot Citroën's inclusion in the FTSE4Good index (in the "Automobiles & Parts category")
World 120 vigeo Europe 120 vigeo France 20 vigeo	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 for the top 120 companies globally; Vigeo Europe 120 (the top 120 European companies) Vigeo France 20 (the top 20 French companies) and Vigeo UK 20 (the top 20 British companies).	Reconfirmation of PSA Peugeot Citroën's inclusion in the three indices World 120, Europe 120 and France 20.
CDP CLIMATE DISCLOSURE LEADER 2014	Carbon Disclosure Project: The CDP assigns companies a rating for their action on climate change based on a publicly disclosed methodology updated each year.	Reconfirmation of PSA Peugeot Citroën's inclusion in the Climate Disclosure Leadership Index (CDLI). Disclosure score of 98/100 and A- performance band. The averages for all companies surveyed is a disclosure score of 81/100 and a B performance band.
member of the INVESTMENT REGISTER ETHIBEL PIONEER & EXCELLENCE	FORUM ETHIBEL: This organisation draws up two lists of companies. The Ethibel PIONEER Investment Register includes companies considered to be leaders in CSR, while the Ethibel EXCELLENCE Investment Register includes only companies whose performance is above average for their sector.	Peugeot has been reconfirmed for inclusion in the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers. This selection by Forum ETHIBEL (www.forumethibel.org) indicates that the company can be qualified as a sector leader in terms of CSR performance.
Dow Jones Sustainability Indexes	Robeco Sam	With a score of 85/100, PSA Peugeot Citroën was awarded a Bronze Class medal by RobecoSam for its sustainability performance. The average score for the automotive industry is 65/100.
THE GLOBAL COMPACT 100 Sustainability Stock Index powered by Sustainalytics	Sustainalytics	Reconfirmation of PSA Peugeot Citroën's inclusion in the Global Compact 100.
Member 2013/2014 STOXX ESG LEADERS INDICES	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 three ESG sub-indices: the STOXX Global ESG Environmental Leaders, the STOXX Global ESG Social Leaders and the STOXX Global ESG Governance Leaders indices.	Reconfirmation of PSA Peugeot Citroën's inclusion in the STOXX® Global ESG Leaders index.
Corporate Responsibility Prime rated by oekom research	Oekom Research, a German sustainable development rating agency, awards Prime status to those companies that, according to the Oekom corporate rating, are among the leaders in their industry and that meet industry-specific minimum requirements.	Reconfirmation of PSA Peugeot Citroën's Prime status in the annual sustainability review conducted by Oekom Research.

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.

1.3.5.2. OTHER AWARDS AND DISTINCTIONS

AWARDS AND DISTINCTIONS IN RECOGNITION OF THE GROUP'S CSR PERFORMANCE SINCE 2011

PSA Peugeot Citroën 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. This label, granted by Afnor Certification, 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.

In 2011, PSA Peugeot Citroën was also certified under the first European gender equality label – the Gender Equality European and International Standard (GEEIS) – for its operations in Spain, France, Italy and Belgium. This label is in recognition of the Group's commitment to promoting workplace equality, based on the full range of actions carried out at all the Group's sites. It encourages the Group to continue its efforts and to put in place new action plans in this area.

PSA Peugeot Citroën is a founding member of the French endowment fund Arborus, which aims to promote gender equality in the workplace in Europe. Arborus helps member companies share best practices in this area and works to encourage the adoption of these practices on a European level.

Since 2009, 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. This certification was renewed following an audit in February 2012.

1ST PRIZE SPECIAL MENTION "HEALTH AND BUSINESS" AWARDED TO PSA CITROËN SPAIN BY EDICIONES DIGITALES SIGLO 21

On 2 July 2014, Ediciones Digitales siglo 21 awarded the Group's Sales and Banque PSA Finance teams in Spain the "special mention Health and Business", one of the most prestigious prizes for well-being in the workplace, recognising PSA Peugeot Citroën for its innovative commitments to safeguarding occupational health and the excellent results of its preventive measures. PSA Peugeot Citroën Spain's main initiatives commended by the jury include its programmes to encourage good health practices on a daily basis as well as its efforts to raise awareness about health and safety at work, with the creation of a monthly newsletter entirely devoted to this subject.

PSA PEUGEOT CITROËN SPAIN IS A WINNER AT THE 2014 ALARES AWARDS

On 26 June 2014, Fundación Alares selected PSA Peugeot Citroën Spain Spain as the recipient of its national prize for "Social Responsibility and Work-Life Balance" in the large company category, for all its business activities (sales, BPF and plants). The first automotive industry player to have ever been honoured with a prize from the Fundación Alares, PSA Peugeot Citroën is thus recognised in Spain for its commitments to social responsibility and equal opportunity.

PSA PEUGEOT CITROËN HONOURED BY THE SPANISH RED CROSS FOR ITS DEDICATION TO EQUAL OPPORTUNITY

The Group's entities in Madrid were among the winners of the 2014 edition of PHOTOWORK, a photography contest supported by the government. On 3 December 2014, the Madrid production site and the Spanish branch of Banque PSA Finance received an honourable mention for their entry under the year's theme, "Visions of Equality in the Workplace", thus commending the Group's actions to promote the visibility of women and respect for their contributions in the workplace. Two types of integration and awareness practices were commended in particular: actions to promote gender balance and female representation in manufacturing professions as well as the involvement of employees in initiatives to combat violence against women. Offered under the aegis of Madrid Incluye, a strategic plan undertaken by the Madrid regional authorities to promote integration, this prize was voted by a jury comprised of diversity organisations, journalists and members of the Spanish photography federation, among others, based on an evaluation of the concordance between the photographic portraits submitted and company policies as well as the impact of the actions pursued given their context and the extent to which they have been able to influence other social responsibility initiatives.

AWARD-WINNING PRODUCTS AND SERVICES IN 2014

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.

- **Engine of the Year:** for the eighth consecutive year, PSA Peugeot Citroën triumphed in the same category at the 16th edition of the International Engine of the Year Awards, presented at Engine Expo 2014. These awards recognise engines setting the highest standards in driving pleasure, performance, fuel economy and the use of best-in-class technologies. Organised by the British magazine *Engine Technology International*, the International Engine of the Year Awards for 2014, judged by an international panel of 84 renowned motoring journalists from 34 countries, once again named the 1.6 litre Turbo Injection Directe petrol engine developed by PSA Peugeot Citroën in collaboration with BMW as the "Best Engine" in the 1.4 litre to 1.8 litre category. Incorporating the latest technological advances – direct injection in the turbo version, variable valve timing, a volume flow-controlled oil pump and an on-demand water pump – this family of engines offers improved fuel economy and reduces emissions by around 10% compared with the previous generation. Produced at the Française de Mécanique plant at Douvrin in the Pas-de-Calais department, this engine, available in varying numbers of cylinders, today forms the core of Peugeot and Citroën's offering of petrol models, with the new generation of 3-cylinder EB PureTech engines.
- **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 "Palmes 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.
- **Quality and safety:** the Citroën C4 Picasso was named the Safest Car of 2014 in the "Minivan" category at the Crash Test Awards organised by CESVI in Argentina.
- **Protecting the environment:** in November 2014, Citroën was awarded a Gold trophy in the "Environmental Best Practice" category at the International Green Apple Awards in London. This award recognises the brand's commitment to reducing the environmental impact of its vehicles and of its manufacturing operations. In addition, Peugeot once again revealed its impressive environmental credentials in 2014, with the 308 receiving the Next Green Car Award and the Green Apple Auto Award, both of which recognise the most environmentlly friendly vehicles to come onto the market.

The Group's joint ventures also received honours during the year: CAPSA received Sina's "Marketing Innovation" prize at the Guangzhou trade show and was also named "Best Reputation Auto Company" at the Fourth Chinese Auto Market Reputation Awards, organised by West China City Daily at the Chengdu trade show.

1.4. RELATIONS WITH STAKEHOLDERS G.36

PSA Peugeot Citroën – 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 to adapt the Group's strategic objectives to global sociological, technological or institutional changes.

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.

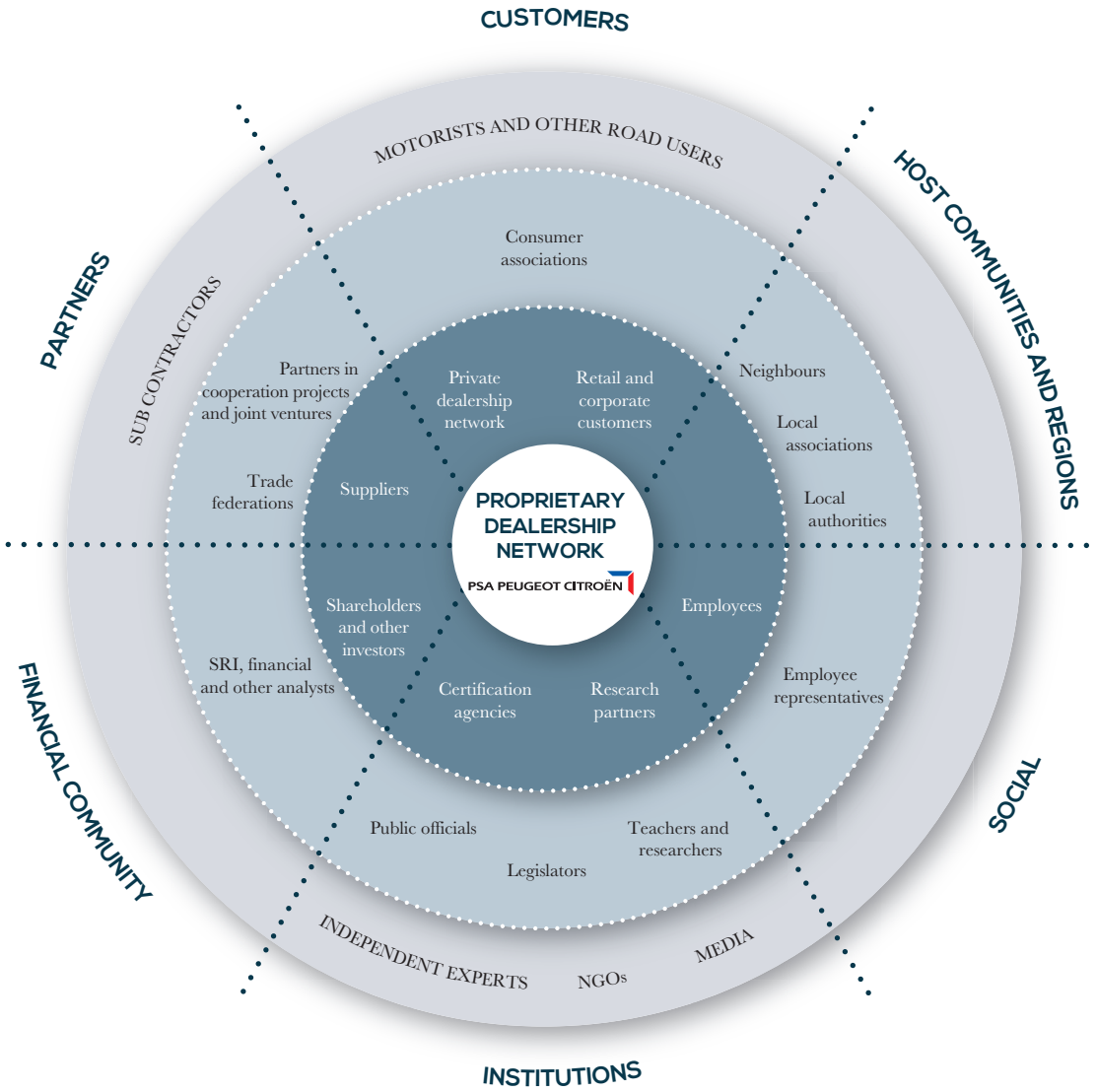
1.4.1. PRESENTATION OF STAKEHOLDERS G4-24 G4-25

The business activities of PSA Peugeot Citroën 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 innermost circle includes the stakeholders with whom PSA Peugeot Citroën 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 PEUGEOT CITROËN

G4-25 G4-26 G4-27 G4-45

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

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 (week-long events devoted to sustainable development, diversity and the disabled, actions to promote eco-driving and safe driving, etc.)	› 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	Dialogue with employee representatives in line with employee relations objectives and via various bodies, including: › 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.	› 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	› Brand websites › Responsible communication charter › Information on road safety features when a vehicle is delivered	› 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	› Financial and strategic performance › Quality of products and services and customer satisfaction, › Environmental performance of vehicles and manufacturing facilities › Sustainable mobility	› Literature accessible to everyone › Training of sales and marketing employees	› Analysis of › periodic customer satisfaction surveys › Monitoring of financial performance and prospects	› 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 outlook	› Letter to shareholders › CSR report and Registration Document published annually › Corporate website › Interim and annual financial results	› Consultation Committee › Annual 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	› Responses to recurring questionnaires and one-off requests › Discussion sessions	

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	› Monthly information meetings › Innovation days › Annual supplier trophies	› Suppliers' Convention (attended by the Chairman and CEO + 300 largest suppliers) and products/ projects meeting › Presence of PSA Peugeot Citroën's French regional delegates in automotive industry bodies › Supplier relations teams › Self-assessment questionnaires	› Social and Environmental Guidelines for PSA Peugeot Citroën 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		› 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	› Annual publication of the CSR report › Group blogs and social network presence	› 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	› 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	› Press releases › Website and media centre (corporate and brands) › Group blogs and social network presence	› 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.	› Forum for France's leading business and engineering schools – Awareness campaigns with local schools, participation in industry week	› Intern and apprenticeship programmes, and laboratory space for doctoral candidates › Work on urban and inclusive mobility within the City on the Move Institute (IVM)	› 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 2014 BY PSA PEUGEOT CITROËN

Aware of the issues surrounding its business operations, PSA Peugeot Citroën has for many years maintained a constructive dialogue with all of its stakeholders. The experience gained from this actively engaged, transparent and lasting dialogue, in particular, enables the Group to effectively identify issues, opportunities and risks they face, be they related to employment, the environment or the economy. These regular discussions with PSA Peugeot Citroën stakeholders serve as a reference for the Group's CSR ambitions.

This dialogue also determines the Group's adaptations, both sociological and technological, to the transformations affecting civil society.

In 2014, PSA Peugeot Citroën'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).

The first objective was to co-sign the assistance programme for employees affected by the Group's structural adaptations. This programme involved measures in support of the job reassignments initiated in 2012 (inside and outside the Group, the training/retraining plan, etc.) as well as maintaining and developing revitalisation efforts at the Rennes and Aulnay sites, together with local elected officials and business partners.

On 24 October 2013, as part of the Group's recovery plan, PSA Peugeot Citroën signed a New Social Contract with employee and labour union representatives aimed at furthering the Group's recovery and maintaining a powerful industrial and technology base in France beyond 2016, while preserving employees' basic interests.

The Group's dialogue with these partners helped to define four main focus areas for the New Social Contract:

1. greater involvement by employees and their representatives in the Group's strategic vision and in the forward-looking projects pursued by all departments and sites, in particular through the Group's central Skills Monitoring Unit;
2. a new approach that secures jobs in the course of organisational transformations, particularly to improve the utilisation rate of the Group's plants;
3. deployment of a PSA Peugeot Citroën intergenerational contract that provides for senior leave (potentially affecting over 3,000 employees over three years) and the hiring, under work-study arrangements, of more than 2,000 young people;
4. flexibility and wage moderation measures (with no decline in remuneration paid) representing €125 million. The New Social Contract also gives employees a stake in the Company's recovery through an improved discretionary profit-sharing agreement and an additional profit-sharing payment (discretionary or non-discretionary) in early 2015.

RESPONSIBLE PURCHASING

In 2014, PSA Peugeot Citroën 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 (PFA in France and ACEA in Europe), particularly with regard to responsible purchasing and guidance provided to suppliers.

SUSTAINABLE MOBILITY

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

For one, the Group confirmed partnerships with large organisations such as France Nature Environnement (FNE). The quality of the discussions with the representatives of this association, whose work is focused on safeguarding the environment, led the Group to help write and publish a guide on the automobile's rightful place in the future of mobility, coordinated by FNE. The aim of this guide, intended for elected officials, organisations and industry players, is to support decision-making processes. While the use of cars is changing, PSA Peugeot Citroën, via its corporate foundation, together with the environmental organisations grouped under the aegis of France Nature Environnement and other professionals in the field, have taken the initiative to discuss their experiences on the ground with a view to determining the rightful place for automobiles in order to best serve tomorrow's mobility needs. Projects supported by the PSA Peugeot Citroën Foundation are experimenting with new approaches to the use of automobiles, particularly by funding social mobility platforms. All those taking part in the writing of this guide were therefore keenly interested in examining the role of automobiles in sustainable mobility, in a context of use that would be relevant, economic and sometimes shared. This guide was published in September 2014, during Mobility Week.

In another initiative, representatives of several PSA Peugeot Citroën management teams took part in the working group on sustainable mobility organised by the Tuck Foundation. The leading purpose of this foundation, created in 1992 and recognised as serving a public interest, is to foster international cooperation in education and research about hydrocarbons, petrochemicals, engines and activities related to them, along with their effects on the environment.

With this mission, the Tuck Foundation helps bring together core energy industry representatives to address strategic issues relating to research and innovation.

In addition, a panel of civil society representatives was formed and met several times in 2014 to discuss issues relating to sustainable mobility. Several experts met with a group of PSA Peugeot Citroën employees involved in the development and marketing of products or services relating to sustainable mobility.

The Group also brought the Carbon 4 association into its discussions of long-term mobility scenarios.

These different discussions have enabled PSA Peugeot Citroën to incorporate of sustainable mobility issues more fully into its business model.

At the same time, the work carried out in the spring of 2014 on the mapping of the Group's key CSR issues (materiality matrix),

which was coordinated by an expert member of the CSR Platform, took into account all presentations by stakeholders given within the Group over the last three years. An employee representative currently serving as a member of the Supervisory Board took part in the scoring of issues at these working group sessions.

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 Peugeot Citroën'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 Peugeot Citroën's CSR Report, covering the actions of all subsidiaries, for the last eight years;
- Global Compact: which PSA Peugeot Citroën joined in 2003 and GEFCO in 2009. In 2009 PSA Peugeot Citroën joined Caring for Climate, a voluntary and complementary action platform for United Nations Global Compact participants who seek to demonstrate leadership on the issue of climate change;
- 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 Peugeot Citroën 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 Peugeot Citroen, renews and expands on the Code of Ethics published in 2003;
  - procurement: the Social and Environmental Responsibility Guidelines for PSA Peugeot Citroën Suppliers published in 2006;
  - responsible marketing and advertising: PSA Peugeot Citroën Responsible Communication Charter, signed in 2008.

1.4.3.2. MEMBERSHIPS IN NATIONAL OR 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 Peugeot Citroën 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.

2 A GROUP TREND-SETTER IN SUSTAINABLE MOBILITY

PSA Peugeot Citroën has identified seven significant issues concerning sustainable mobility:

- vehicle CO_2 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. Faced with these issues, PSA Peugeot Citroën has set up the following systems.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
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	A base of 3,000 vehicles available for rental in Europe	Objective achieved: A base of 5,067 vehicles available for rental in Europe	6,300 vehicles sold to the network for vehicle rental services

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

PSA Peugeot Citroën considers mobility to be a fundamental right: it enables access to healthcare, 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 Peugeot Citroën has developed an offering, both of Products and Services that are described in this chapter together with the results obtained.

2.0. PSA PEUGEOT CITROËN'S INNOVATION PROCESS

2.0.1. THE GROUP'S ORGANISATION FOR FACTORING ENVIRONMENTAL ISSUES INTO THE DESIGN PHASE FOR PRODUCTS AND SERVICES 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 11,700 employees in Europe in addition to the R&D teams in China and Latin America, totalling close to 2,600 and 850 employees respectively, i.e. almost 15,000 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 Research and Development Department manages and carries out eco-design, in particular, life cycle analysis and the monitoring of the use of green or recycled materials: it collects the required data from the engineering business units 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 Peugeot Citroën'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, CO_2 emissions, etc. A dedicated entity oversees the Group's CO_2 programme. It monitors and reports on the CO_2 performance of the vehicles developed by the Group.

A specific entity oversees the Group's end-of-life vehicle policy and its performance in terms of recycling and recovery.

Within the subsidiary BPF, two separate central teams devote their efforts to product design: a "Financing Products" marketing team and an "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 monitor them.

Finally, the "City on the Move Institute" (IVM), created by PSA Peugeot Citroën 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 Peugeot Citroën operates involves:

- increasingly stringent regulatory and safety constraints: the convergence of CO_2 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 Peugeot Citroën. 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 Peugeot Citroën 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 2l/100km well ahead of 2020. At the 2014 Paris Motor Show, PSA Peugeot Citroën 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).

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) or though other vehicles with which it will be fully interconnected, providing passengers with new social links, while on the move.

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

Key figures	2013	2014
R&D expenses	€2.148 billion	€2.025 billion
% of revenue	7.4%	7.5%
R&D budget and CAPEX	€2.397 billion	€2.507 billion
IVM (City on the Move Institute) think tank budget	€950,000	€1,000,000
Number of employees assigned to R&D	14,500	15,500
Number of innovation, style and test centres	9	11
Number of patents published	1,378	1,063
Number of academic chairs	6	7
Number of OpenLabs	12	16
Share of the Group's scientific research activity conducted in OpenLabs	10%	10%

RESOURCES ALLOCATED TO R&D

The Group undertakes to allocate its CAPEX and R&D expenditure related to the automotive business, which will contribute to the development of its defining projects, maintaining them at between 7% and 8% of its revenue, under the "Back in the Race" plan.

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, nearly 12,000 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 over 2,660 employees – 2,000 of whom work in joint ventures - in the three R&D centres in Shanghai (China Tech Center), Wuhan and Shenzen, and in the Shanghai style centre.

For South America, 850 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:

- synergies with Dongfeng (shared R&D centre, Fengshen cars fitted with PSA Peugeot Citroën 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;
- streamlining of diversity (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), replacement part sales for €3,804 million in 2014 for example;
- generate revenue: €155 million in 2014 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).

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 Peugeot Citroën has established an Open Innovation process that brings together a wide range of stakeholders: universities, laboratories, suppliers, institutionals, SMEs, start-ups, 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 on three focus areas:

- clean technologies: offer a "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;
- appeal: offer Group customers innovative design and functionalities.

In April 2015, on the occasion of the publishing of the list by the French Intellectual Property Institute (INPI), PSA Peugeot Citroën was rewarded for 1,063 patents published in 2014 (against 1,378 patents published in 2013). The Group has thus confirmed its position as top French patent filer for the eighth 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:** the Group continues to dedicate a significant share of its innovation efforts to the reduction of the environmental impacts of its vehicles. This is seen in its patent filing strategy: a large number of the patents published in 2014 concerned CleanTechs, i.e. technologies that enable a reduction in fuel consumption as well as in pollutant emissions.

  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 three-cylinder petrol engine.

  A significant share of the patents published in 2014 concerned hybrid vehicles. The continued development of Hybrid Air technology, an original type of full hybrid powertrain combining petrol and compressed air, which is a key step towards the 2l/100km vehicle, has given rise to patents, in particular on the hydraulic system and accumulators. PSA Peugeot Citroën is also continuing its innovation efforts in the field of hybrid/electric vehicles, with patents on new operating strategies (in particular control of the electric machine, thermo-management traction batteries, fuel-efficient driving).

Still in a perspective to reduce fuel consumption and CO_2 emissions, making vehicles lighter is also a priority challenge for which many patents have been filed, in particular on the use of composite materials in various vehicle structure components (including windows).

- **The autonomous and connected vehicle:** this strategic focus has given rise to a large number of patents concerning ADAS (Advanced Driver Assistance System) driver assistance systems. 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.
- **Appeal:** many patents demonstrate the Group's ability to innovate with respect to the comfort aspect of vehicles (health and well-being of the driver and passengers), in particular the air quality of the passenger compartment, the addition of lighting ambiences and relaxing or energising fragrances, massaging seat, leg rests and other in-car equipment, thermal comfort, humidification of air with a nebuliser, etc. To differentiate the various Group brands, there are several patents on the interior and external fittings specific to each brand, such as a lighting signature through specific external lights.

Lastly, our constant concern to improve driveability, driving pleasure, suspension 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-organiser 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 Peugeot Citroën 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 PEUGEOT CITROËN

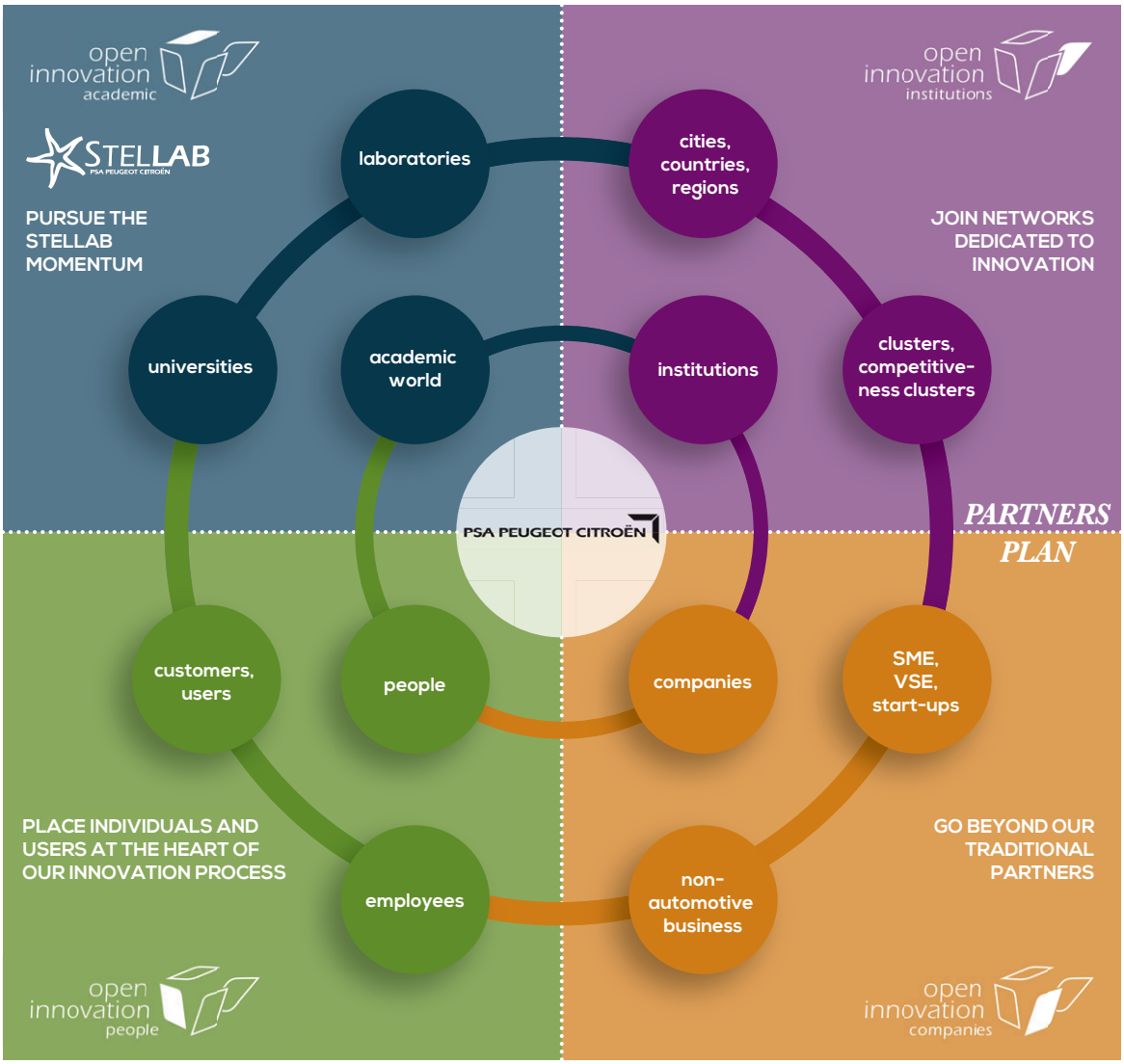
To remain at the forefront in producing and proposing tomorrow's products and services and to broaden its opportunities, PSA Peugeot Citroën has embarked on an **Open Innovation approach**.

The Open Innovation approach 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 Peugeot Citroën's Open Innovation aims at building and managing relationships driven by shared value creation with stakeholders from the four ecosystems below:

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



With this strategy of openness, PSA Peugeot Citroën 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 them 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;
- Acquisition of equity stakes in spin-offs or start-ups;
- Use of and contribution to open source components.

2.0.2.2.1. R&D COLLABORATION WITH COMPANIES, UNIVERSITIES AND INSTITUTIONS

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 Peugeot Citroën created the StelLab network.

The StelLab network is PSA Peugeot Citroën'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 favours the bringing of 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 Peugeot Citroën 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.
- 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 Peugeot Citroën 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 Peugeot Citroën, 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 November 2014, the StelLab network organised its annual seminar at Wuhan in China during the signing of the Optoelectronic Devices for Automotive OpenLab at the Wuhan National Laboratory of Optoelectronics. The event was attended by representatives of all the OpenLabs, Chairs and innovation units. Four brainstorming workshops on the Group's strategic visions were organised to identify the research programmes to set up in the future. The event enabled networking among all the partners.

INNOVATION SCIENTIFIC MEETINGS

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 2014, eight conferences were organised around topics such as automatic and smart connection, big data, memory form alloys, additive manufacturing and functional and interactive fabrics.

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 Research and Advanced Technologies 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 Peugeot Citroën'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 Peugeot Citroën 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 co-innovation approach has been consolidated with all "strategic" suppliers.
- At the same time, to more effectively address the challenges the auto industry is facing with fast changing technologies and markets, the Innovation Research and Advanced Technologies 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, the PSA group 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 start-ups and SMEs and the meeting of potential new partners. For example, with the Mov'eo cluster, targeted research actions are regularly carried out by PMEs and start-ups on PSA Peugeot Citroën'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.

OPEN INNOVATION COMPANIES

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

The Open Innovation policy positions the Group as the partner of choice for Innovation for SMEs and VSEs. In 2013, the Group established the bases of the partnership strategy for SMEs and VSEs: adaptation of Innovation contracts specifically dedicated to exploration phases, 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 Peugeot Citroën 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 the preliminary analysis of the proposal, the next phase comprising a more in-depth study may be engaged and possibly lead to a new partnership.

http://www.psa-peugeot-citroen.com/en/inside-our-industrial-environment/innovation-and-research-development/submit-your-proposal on "Innovating with PSA".

Furthermore, in 2014, PSA Peugeot Citroën joined the "Open Innovation" club of Paris Region Lab enabling the Group to develop relationships with start-ups and SMEs of the Paris region with the aim of creating partnerships.

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.

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

- Road Transport component of the "Investments for the Future" programme: PSA Peugeot Citroën is involved in several projects of its own, via GIE RE PSA Renault and via the Groupement Scientifique Moteur (GSM);
- FASTLITE programme coordinated by Renault and PSA Peugeot Citroën: 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);

- Programme "Promotion of Research in the Institutes for Technological Research":
  - "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) aims at deploying its research programmes on carbon-free vehicles and their mobility. Its target is to become a reference in Europe with three main focuses:
  - electrification of vehicles;
  - self-driving car;
  - connectivity, mobility and shared energy.

  In the VeDeCom Institute, PSA Peugeot Citroën thus works with aeronautic and IT companies on:
  - future hybrid and electric engines (optimisation of the "powertrain", engine + gearbox + steering); developments around fuel hydrogen, in particular as a complement to battery-operated electric engines whose autonomy will increase, etc.;
  - the vehicle connected to its environment;
  - inter modal transport, infrastructure, Smart Grids.

  Several projects gave rise to relevant rolling demonstrators (HYdole, a mainly electric plug-in hybrid, and OpEneR) and enabled the various technological breakthroughs that prefigure future innovations.

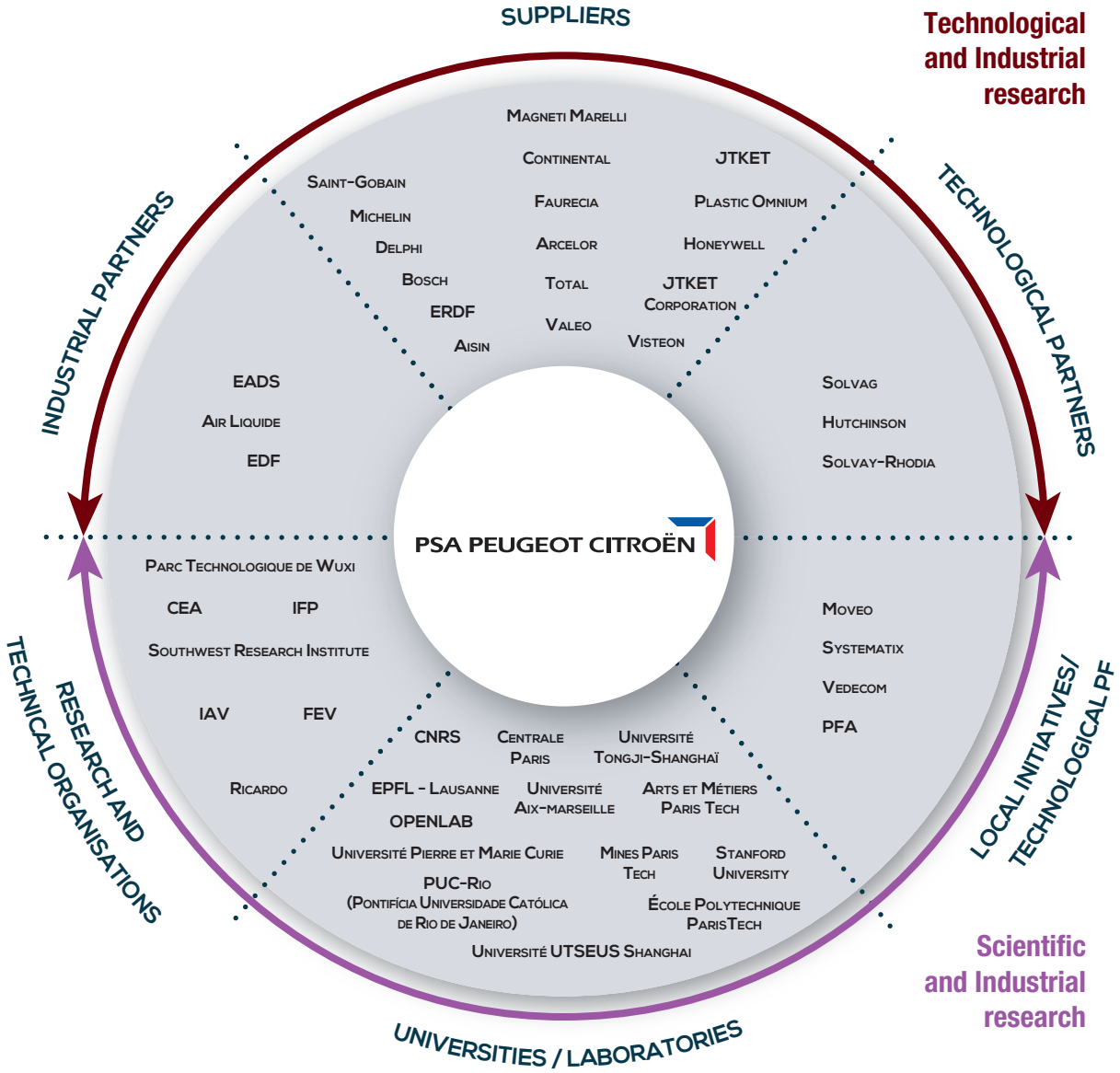
PSA Peugeot Citroën is also a key player in the **"Automotive Industry Platform"** (PFA), set up to define and lead actions to boost the French automotive industry.

The PFA is currently leading two key programmes that will help unify and structure the industry and involving PSA Peugeot Citroën:

- the 2l/100km vehicle which aims to develop technological building blocks, available from 2018-2020, and capable of creating breakthroughs for reducing CO_2 emissions at a cost acceptable for customers. This vehicle aims to provide standardised consumption of 2l/100km;
- 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.

Framework agreements-covering some of the points of the agreements used in the Innovation Plans have been set up to facilitate the work on innovation with the Group's main suppliers. The purpose of these partnerships is not solely technical (from research to development), but also methodological and global. It consists in determining the best practices to identify, select and make innovative solutions usable and accessible to as many people as possible. It also involves creating high-quality relationships with significant players in various geographical segments: in Asia, Latin America and Russia, priority segments for international development for PSA Peugeot Citroën.

THE NETWORK OF PSA PEUGEOT CITROËN'S MAIN INNOVATION PARTNERS



2.0.2.2.2. 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.

OPEN INNOVATION PEOPLE

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.

Since the end of 2013, the Group has launched five challenges:

- "Live and Let Drive", a collaborative ideas challenge organised at the end of 2013 on the campus of the École Polytechnique Fédérale de Lausanne on the theme of the interior of tomorrow's car. There were 3,000 visitors, 150 participants among students, lecturers and administrative staff, and 150 ideas and 330 contributions were generated;
- "Data Odyssey", launched in June 2014 on the theme of new services to invent thanks to Big Data information of the connected vehicle. There were over 10,000 visitors, 2,000 participants, 1,800 ideas, 6,500 contributions and 12,000 notes. For the first time, this challenge was also available in Chinese and open to employees of the joint ventures DPCA and CAPSA. Five proofs of concept are currently being developed based on the ideas obtained from this challenge;

- Between May and July 2014, 23 teams of developers from France, Spain, Brazil, China, Switzerland, Argentina and Tunisia took part in the "CarEasyApps" contest by developing Smartphone applications connected to PSA vehicles;
- As part of its System of Excellence, the Group launched an ideas challenge between May and August 2014 on the theme of reduction of general expenses. It brought together 1,900 visitors, over 700 participants, 3,000 contributions and generated over 130 ideas;
- Launched in China in November 2014, "Gamification" is an ideas challenge in which Group employees in China as well as those of the joint ventures DPCA and CAPSA took part. Its theme was "Making driving in China fun, safe and eco-friendly". It brought together 500 visitors, 180 participants and generated 150 ideas.

2.0.2.2.3. ACQUISITION OF EQUITY STAKES IN SPIN-OFFS OR START-UPS

In November 2014, PSA Peugeot Citroën announced that it had signed a partnership agreement with EuraTechnologies to meet with the business accelerator's start-ups on developing digital-related projects.

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

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

Employees from PSA Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën and host experiments in new urban mobility solutions.

More than 40 start-ups have already established contact with Group brands. Several innovative projects have been launched, including an interactive sales outlet experience and a mobile application for connected objects. A preliminary nationwide call for proposals to identify new connected-vehicle opportunities was issued in early 2015.

2.0.2.2.4. 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.

Since 2000, the City on the Move Institute, http://www.ville-en-mouvement.com/fr, a think-tank founded at the initiative of PSA Peugeot Citroën has mobilised experts in Asia, the Americas, Europe and China, has launched novel research and experimentation programmes, innovative actions in the field, projects that combine countries and continents, public-private partnerships and multidisciplinary teams to contribute to the emergence of innovative urban mobility solutions.

Its work and its demonstrators on the inclusive and social dimension of mobility, on the potential for developing new services both in outlying urban areas and in newly burgeoning sections of Chinese cities and on the necessary features of transportation sites and of inter-modal transportation are today a global benchmark for urban transportation professionals. The IVM pursues an original approach, working with different external stakeholders: multidisciplinary academic fields, with core world cities open to innovation as well as players of civil society and in particular associations.

It has been designed as a hub where those who design the city, those who make the city and those who live in it can meet.

Its scientific and orientation council, a source of inspiration for projects, that provides scientific and ethical credibility, is made up of about 20 people from France and abroad, from all walks of life, all in contact with the realities of the city: scientists, developers, developers of social projects, business owners.

The IVM carries out interviews without taboo and places on the agenda new ways of understanding urban mobility, to let mobility become a right and a pleasure. With its offices in Paris, Buenos Aires, Shanghai and Sao Paulo, it develops international actions and social, organisational, scientific, technical and cultural experiments around diverse focus areas for discussion:

- promoting the autonomous mobility of individuals and social groups faced with specific difficulties;
- highlighting the quality of the places and times of movement;
- contributing to the development of urban mobility cultures and civilities;
- taking into account environmental constraints and issues.

In 2014, the IVM continued its core projects and was the partner of several events:

1) THE LEGIBLE CITY

In France, working with Grand Lyon and UNI-EST and with the backing of the PSA Peugeot Citroën Foundation, IVM continued action research 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, associations dedicated to insertion, etc. This product makes use of the latest knowledge in the digitally-based training field.

In 2014, it continued on three points:

- organisation of a seminar in line with the cycle began in 2013 on the theme the "Legible City", entitled "Learning Mobility" which made it possible to explore dimensions of mobility learning that fall under two focus areas - knowledge and experimentation. What are the skills required for mobile behaviour, what are the pedagogical tools used or to be designed etc.;
- design, execution and test of a prototype of a digital tool in the form of an interactive and educational mapping, the Grand Lyon "Fresco", developed with the urban community teams who carried out experiments with the beneficiaries of mobility support and those who accompany them;
- preparation of specifications for a call for proposals on the design of the serious game, with assistance from managerial staff of Ubisoft, an authority in the design of video games, especially learning games.

2) PASSAGES: TRANSITIONAL SPACE FOR THE 21ST CENTURY CITY

This programme launched at the end of 2012 is intended to address, from a new angle, the question of how the city and cars share space, and thus to imagine, using different cases and contexts, how to improve the quality of travel in urban spaces. The idea is to bring together its two dimensions, mobility and sociability, and by linking architecture, design, governance and connected spaces. After an initial evaluation phase and a precise definition of the issue in early 2013, partnerships were established with the municipalities of Shanghai, Toronto, Barcelona, Santiago de Chile, Montevideo, Valparaiso, Tours and Paris. The aim was to determine the kind of possible micro-intervention that would have a large impact and thus meet the emergencies which cannot be met by long-term plans and large-scale solutions. The first international, architectural and urban "calls for ideas" have been launched. They concern six passages in the Barcelona metropolitan area, the reconversion of the 2010 Universal Exhibition site in Shanghai, and the passage of a motorway at Tours and St Pierre des Corps.

3) E-SHARING: SHARED ELECTRIC MOBILITY FOR OCCUPATIONAL GROUPS

This project, carried out in 2013 and 2014 and assisted by ADEME under the Vehicle of the Future programme of their Investments of the Future, is part of an experiment run by PSA Peugeot Citroën with industrial partners (Docapost and Deways) and local municipalities (Grand Lyon and Metropolitan Rennes). The project is based on the observation that mobility for work purposes is highly important (trips from home to work and work-related travel) and that employers are beginning to look for innovative mobility solutions tailored to their needs.

Whereas other providers focus on sharing a pool of vehicles at the place of employment, IVM wants to explore a much larger set of approaches to sharing. This work will make it possible to understand the mechanisms of mobility sharing and enlist businesses in an innovative approach and clarify a number of poorly understood areas in the vehicle sharing world.

4) BETTER MOBILITY, BETTER LIFE

The "Better Mobility Better Life" award in China is a means to identify innovative solutions in mobility management. Every year since 2010 dozens of initiatives from numerous cities have been brought to the attention of a jury of international experts. The award is organised in partnership with the World Bank, the University of Tongji, the Transportation Research Centre of the Ministry of Housing and Rural and Urban Development, "Urban Transport" magazine and the Chinese association of schools of urban planning.

In 2014, the fourth awards session was based on surveys conducted by 30 urban planning universities, with 40 finalists selected at Shenzen during the "National urban planning commission" congress. IVM awarded prizes for the three best projects.

5) OTHER ACTIONS

Launch in Brazil of the "Mobilidade Minuto" award to identify innovative mobility services that are likely to transform the models and quality of daily travel in Brazilian cities.

Launch of a short film contest in Africa to film African "passages" (eight projects will be selected and presented in April 2015).

The IVM has been invited by UN-Habitat to present its work on the street and public mobility spaces (Medellin and Buenos Aires).

PSA Peugeot Citroën allocated a budget of €1 million to IVM in 2014.

2.1. VEHICLE CO_2 EMISSION AND FUEL CONSUMPTION

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 as well as teams from Faurecia, are mobilised to limit the vehicle's environmental footprint as much as possible by controlling fuel consumption, CO_2 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 CO_2 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 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 will be tightened worldwide and will be reflected in CO_2 emission and fuel consumption targets:

- CAFE Europe (Corporate Average Fuel Efficiency):
  - objective for the average weighted CO_2 emissions of car manufacturers of 130g/km in 2015 and 95g/km in 2021 (95g/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 this target is exceeded, there is a penalty of €95 per g/km of CO_2 and per vehicle, i.e., for example, approximately €150 million in case of an excess of 1g/km of CO_2 of the CAFE for the PSA Peugeot Citroën Group;
- CAFE China:
  - the CAFE objective is 6.9l/100km in 2015 and a target of 4.9l/100km in 2020 with the same stringent levels as CAFE Europe 2020, taking into account the specific characteristics of markets,
  - 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 as 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, Australia.

These regulatory or para-regulatory developments are also coupled with the overhaul of CO_2 and fuel consumption measurement procedures at the global level with the World Harmonised Light Vehicle Test Procedure (WLTP cycle). PSA Peugeot Citroën supports this process with the goal of obtaining greater recognition for recent technical advances (lighter vehicles, hybrid powertrains, etc.), a sign of reliable environmental information for customers.

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 CO_2 emissions.

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 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.

An environmental pioneer and European leader for low-carbon cars in 2014, the Group continues to develop an increasingly low-carbon offering to continue meeting the growing mobility needs of individuals (access to employment, education, healthcare, etc.) while complying with regulatory requirements, drawing on a wide array of technological solutions, structured around the main objectives below:

- 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.

In 2014, under the "2l/100km Vehicle" project launched by the French government through the Automotive Industry Platform, PSA Peugeot Citroënhas raised the challenge of developing technological building blocks:

- that will make it possible to propose breakthrough solutions for reducing CO_2 emissions. The target of the project is to reach 2l/100km;
- at a cost acceptable for customers, i.e. close to a Euro 6 2018 non-hybrid Diesel standard;
- the first one of which can be commercially produced as from 2017.

The Group thus presented two technological demonstrators at the Paris Motor Show: Peugeot 208 HY Air 2L and Citroën C4 Cactus Airflow 2L. It focuses on four core levers:

- vehicle weight: a reduction of 220kg (excluding powertrain) obtained thanks to a multi-material car body (steel, aluminium, composite materials) and carbon-based car body panels (side panels, body roof and windows);
- aerodynamics: a 20% reduction of the SCx drag coefficient obtained through many different means (dual controlled air intake module, fully streamlined substructure, enlarged front wheel spats, rear-view mirrors replaced by external rear-view cameras, specific bodywork at the rear, lower attitude, aerodynamic hubs);
- tyres: Tall and Narrow tyres and ultra-low rolling resistance;
- powertrain: EB engine modified to optimise combustion and reduce friction;
- Hybrid Air powertrain.

The fuel consumption results of 2l/100km obtained have been certified by UTAC (Technical Union for the Automobile, Motorcycle and Cycle Industries) which measured CO_2 emission levels of 46g/km on the Peugeot 208 HY Air 2L.

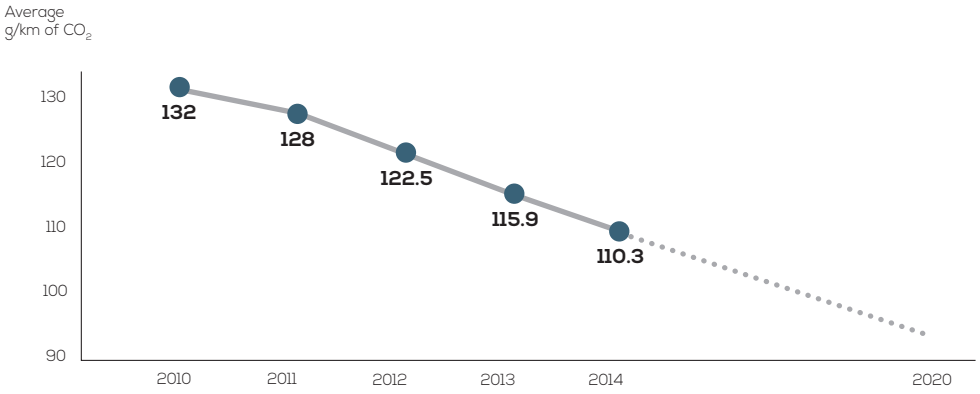
2.1.2. CO_2 PERFORMANCE G4-4 G4-8

In Europe, after selling over 29% of vehicles with emissions of less than 100g/km of CO_2 in 2014, the Group has continued its efforts to achieve the target for 2020 of more than 60% of the vehicles it markets (cars and LCVs).

To consolidate its environmental leadership over the medium term and in 2020, PSA Peugeot Citroën aims to systematically offer:

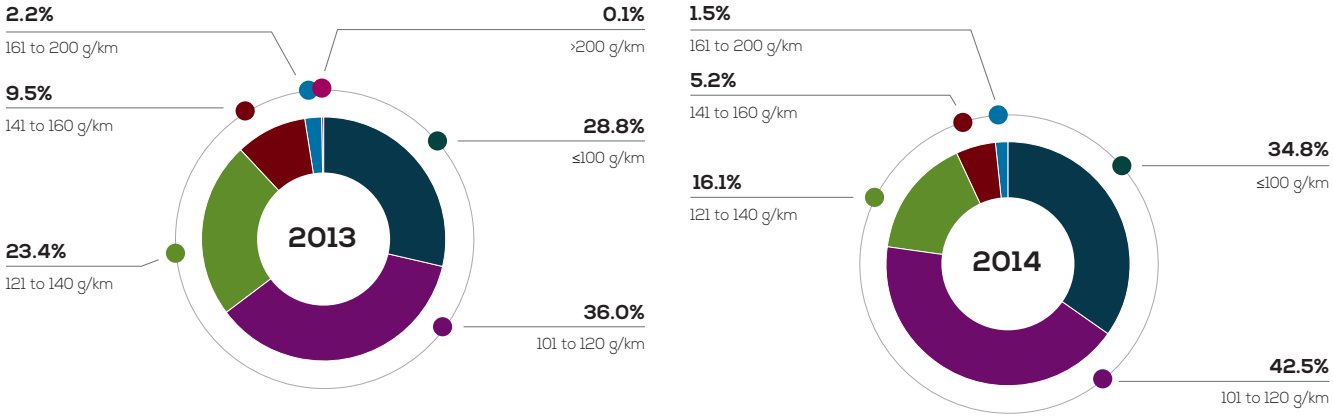
- an offering ranking among the best three in CO_2 emissions for high-volume model sales in the main market segments;
- vehicles with ground-breaking fuel consumptions, but that still deliver superior features and equipment.

THE CO_2 FOOTPRINT OF THE PSA PEUGEOT CITROËN GROUP (PRIVATE CARS IN EUROPE 22):



BREAKDOWN OF PSA PEUGEOT CITROËN SALES BY CO_2 EMISSIONS

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

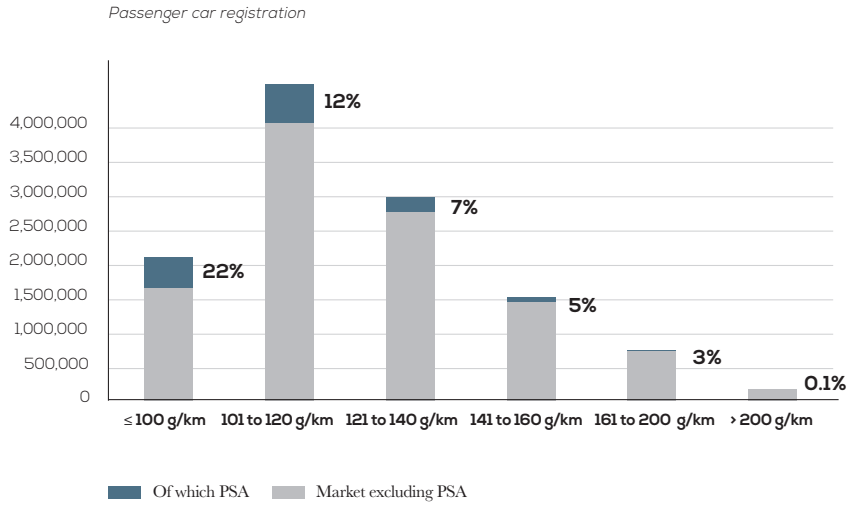


In 2014, the Group was the leader in EU-22 with average CO_2 emissions of 110.3g/km compared with 115.9g/km in 2013, representing a 4.8% increase in a market that rose 2.7% at 123.7g/km.

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.

EUROPEAN AUTOMOBILE MARKET BY CO_2 EMISSIONS LEVEL

(2013 passenger car registrations in EU-22, i.e. EU excluding Greece, Cyprus, Malta, Bulgaria, Romania and Croatia)



A comparison of the breakdown of PSA Peugeot Citroën sales and that of the European automotive market by range of CO_2 emissions in 2013 highlights the contribution of Group vehicles to reducing new vehicle emissions in Europe.

The Group is the market leader in the segment of vehicles emitting less than 100g/km, with 22% market share (i.e. 464,000 PSA passenger car vehicles registered).

In 2014, for each segment, the PSA Peugeot Citroën group continued to launch very low consumption vehicles in markets that prioritise CO_2 emissions in Europe.

TABLE OF 2014 LAUNCHES OF VERY LOW CONSUMPTION VEHICLES

g/km CO_2			
Peugeot	308	1.6L BlueHDi 120 BVM6	82
Peugeot	308 SW	1.6L BlueHDi 120 BVM6	85
Peugeot	3008	HYbrid4	85
Peugeot	508	HYbrid4	85
Citroën	C3	BlueHDi 100 BVM	79
Citroën	C4 Cactus	BlueHDi 100 BVM	82
Citroën	C4	BlueHDi 100 BVM	86
DS	DS 3	BlueHDi 100 BVM	79
DS	DS 5	HYbrid4	85

The Group thus places some of its models in first place in their segment in Europe in terms of CO_2 emissions.

PSA MODELS WITH LOWEST CO_2 EMISSIONS.

	Segment B	Segment C	Segment D
Petrol	Peugeot 108 1.0 e-VTi: 88g/km Citroën C1 VTi 68 S&S: 88g/km Peugeot 2008 1.2L PureTech S&S: 99g/km		
Diesel	Citroën C3 BlueHDi 100: 79g/km DS 3 BlueHDi 100: 79g/km	Citroën C4 Cactus BlueHDi 100: 82g/km Peugeot 308 1.6L BlueHDi 120: 82g/km	
Hybrid		Peugeot 3008 HYbrid4: 85g/km	Peugeot 508 HYbrid4: 85g/km DS 5 HYbrid4: 85g/km

Note: in tests by an independent organisation, CO_2 emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission Group (MVEG) test procedure which covers 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.

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

In Brazil, the Group confirms its ambition to reduce consumption and CO_2 emissions, based on the application of the same technological levers as Europe and which enable it to position itself amongst the leaders. This ambition is consistent with the CAFE rules that come into force in 2017 and which became official policy in Brazil in September 2012.

Economic insight:

Environmental innovations relating to the product, which make it possible to reduce fuel consumption and CO_2 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 CO_2 emission thresholds set by regulations in the various Group markets. The annual risk for a group of PSA Peugeot Citroën's size is a shortfall of €1 to 2 billion in the event of a failure to obtain approval;
- sales development opportunities: the Group's new environmental technologies are in line with changes in consumer expectations. PSA Peugeot Citroën's strategy is based on deploying plug-in hybrid powertrains. By 2020, in this segment where market share could be as high as 4% depending on the region, the Group is projecting volumes corresponding to 4 to 5% of additional revenue.

2.1.3. INTERNAL COMBUSTION ENGINES G.22 G.29 G.32

PSA Peugeot Citroën is continuing to optimise Diesel and petrol internal combustion engines in all geographical regions, to reduce fuel consumption and therefore reduce CO_2 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 Peugeot Citroën 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.

VEHICLE SALES BY GEOGRAPHICAL AREA AND BY FUEL TYPE

		China and South-East Asia	Eurasia	Europe	India and Pacific	Latin America	Middle East and Africa	Total
	2014	**740,361**	**30,886**	**530,038**	**14,956**	**163,880**	**57,535**	**1,537,656**
Petrol + LPG	2013	563,289	54,021	480,624	15,398	249,213	89,398	1,451,943
	2012	451,070	68,192	477,689	16,488	228,826	219,251	1,461,516
	2014	**2,246**	**12,943**	**1,216,292**	**7,388**	**35,989**	**111,754**	**1,386,612**
Diesel	2013	1,666	20,374	1,124,989	5,515	53,458	137,483	1,343,485
	2012	1,410	19,708	1,248,283	6,546	54,032	140,996	1,470,975
	2014	**8**	**1**	**12,246**	**6**		**102**	**12,363**
Hybrid	2013	10	3	21,867	49		154	22,083
	2012	1		25,581	11		206	25,799
	2014			**2,268**				**2,268**
Electric	2013			1,184				1,184
	2012			6,620				6,620

2.1.3.1. REDUCTION IN CONSUMPTION AND EMISSIONS OF DIESEL ENGINES

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 CO_2 emissions.

In a global market where internal combustion engines will still be predominant in 2020, PSA Peugeot Citroën is continuing to develop its HDi technology. At the same time, it is more broadly deploying its e-HDi (Stop & Start) technology. At the end of 2013, the Group launched a new exhaust line called Blue HDi which makes it possible to drastically cut down on nitrogen oxide (NO_X) emissions and further improve the level of CO_2 emissions (up to at least 4% compared with the Diesel engines replaced). 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 CO_2 emissions and fuel efficiency.

2.1.3.2. REDUCTION IN CONSUMPTION AND EMISSIONS OF PETROL ENGINES

In under ten years, PSA Peugeot Citroën will have renewed its entire range of petrol engines, in line with its objectives to reduce CO_2 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 three-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 CO_2 emissions by 18% compared with the four-cylinder atmospheric engines that it replaces. It 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.

This new family, which covers a range of power from 50 to 100 kW, enables the Group to propose petrol-powered vehicles that emit less than 100g/km of CO_2 for the atmospheric engine and under 110g/km for the turbo engine.

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, four-cylinder petrol engines developed jointly with BMW, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. The two millionth engine of this kind was produced by Française de Mécanique, a Group subsidiary, in January 2014. The engines have been voted Engine of the Year in their category eight times by the jury of "the Engine Technology International".

To boost its growth outside Europe, PSA Peugeot Citroën 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 CO_2 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

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

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

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

For automatic gearboxes, the new generation of boxes AT6 III and AM6 III were adapted and their performance improved, helping to reduce overall consumption of the powertrain by about 15%. The new feature was introduced into the ranges concerned starting late 2013.

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 Peugeot Citroën has reaffirmed its commitment to the responsible use of biofuels, while emphasising the need to take sustainability criteria into account in developing products and the related industry segments, including changes in how farmland is to be used.

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 Peugeot Citroën 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 CO_2 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 Peugeot Citroën has developed vehicles based on flex-fuel technologies, that can run on ethanol/petrol blends in variable proportions: up to 85% of ethanol in petrol in Europe (E85), between 20 and 100% of ethanol in Brazil, the largest market in the world for this fuel and flex-fuel vehicles. As from the beginning of 2015, new flex-fuel models of all the latest petrol engine families launched in Europe will be marketed on the Brazilian market. The new vehicles equipped with these engines will benefit from a double reduction in their consumption (and therefore their CO_2 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 Peugeot Citroën 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 for the production of 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 Peugeot Citroën. 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 Peugeot Citroën 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 CO_2 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 CO_2 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 TECHNOLOGY AND E-HDI

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

Introduced by the Group in 2004, this technology is now deployed on nearly all the Peugeot, Citroën and DS product lines in Europe. 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 CO_2 emissions on the European market with a gain of 30% compared with the equivalent HDi Diesel model and emitting less than 100g/km of CO_2. 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. The Peugeot 3008 and 508 HYbrid4 and the DS 5 HYbrid4 thus perform at a ground-breaking 85g/km of CO_2 emitted for a cumulative power (thermal and electric) of 200 HP.

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. It has an intelligent control system that optimises energy efficiency. The powertrain can operate during city use at 60 to 80% in zero-emissions mode or ZEV. The efficiency may be as much as 45% more than a conventional engine depending on traffic density.

The technical options make it a technology for all customers: affordable, with a more competitive Total Cost of Ownership (TCO) (residual value, cost per use), and universal, because it can be manufactured on many markets. Designed for the B, C and LCV segments, this technology offers a relevant supplement to the HYbrid4 technology designed for the more powerful C and D segments.

This innovative full-hybrid petrol solution was installed on two "2l/100km" technological demonstrators presented at the Paris Motor Show in October 2014: Peugeot 208 HY Air 2L and Citroën C4 Cactus Airflow 2L.

At the same time, the Group is studying possible applications of technologies likely to significantly reduce CO_2 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 has decided to develop a plug-in hybrid powertrain coupled with a petrol engine to sustain its global growth. This new technology will harness the Group's expertise. It will be available on product lines after 2018 and will ensure global compliance with future emissions regulations.

It will enable emission thresholds of under 50g/km of CO_2, i.e. 2l/100km in all areas and will run 50km in fully electric mode in city and suburban mode.

2.1.5.4. ELECTRIC VEHICLES

The pioneer of the electric vehicle, since 2010, the PSA Peugeot Citroën group has sold a total of 15,300 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. Electric vehicles are used by many urban carsharing services set up with municipalities and private partners in Nice, Rennes and Berlin.

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 Peugeot Citroën is optimising vehicle features in order to position itself as a leader in reducing fuel consumption and CO_2 emissions. The Group is using all technical levers that contribute to reducing CO_2 emissions, which are vehicle mass, aerodynamics and architecture, materials, tyre rolling resistance, electric management and the various comfort, safety and driver assistance systems.

Physical quantity	CO_2 gain *(on NEDC)*
Powertrain energy efficiency	+10% η → - 10 g
Weight	- 100 kg → - 8 g
Rolling resistance	- 1 kg/t → - 2 g
Electrical consumption	- 100 W → - 2,5 g
Aerodynamics	- 0.05 m² SCx → - 2 g

Taking into account how these levers interact, PSA Peugeot Citroën is striving to guarantee overall vehicle analyses that are consistent and compatible with the various requirements of markets in Europe, Asia or Latin America, etc., 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

EMP2: The Efficient Modular Platform 2 is a new-generation platform that provides effective solutions in terms of modularity, accessories and carbon reduction. Launched in 2013, it provides an optimised response to several objectives:

- the coverage of all body styles worldwide: C and D segments (i.e. half of all Peugeot, Citroën and DS vehicle sales worldwide in the long term);
- 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.

Two new vehicles were developed, starting in 2013 using the EMP2 platform: with the 1.6 HDi engine, the Peugeot 308 reached an emissions level of only 82g/km of CO_2 while the Citroën C4 Picasso reached 98g/km.

In March 2014, a 1.2l Peugeot 308 e-THP fitted with a 130 HP PureTech turbo petrol engine established a new record of consumption and autonomy for a standard production model: 2.85 litres of fuel per 100km and 1,810 kilometres travelled on a tank of fuel. Under the supervision of the French test authority (UTAC), it ran for more than 32 hours, consuming only 51.4 litres.

2.1.6.2. EQUIPMENT

Overall vehicle energy efficiency is also based on the optimisation of equipment and organic components: tyre rolling resistance, losses through friction on mechanical parts (brakes, bearings, bushings, etc.), management of electrically-powered components (sensors, actuators, motors), air-conditioning system.

The Group is constantly improving air-conditioning systems:

- reduction in the weight of system components with each new generation:
- reduction of electrical consumption through the use of brushless motors for pulsers and engine cooling systems;

- management of the compressor to bring the torque on the engine to the exact level necessary;
- optimisation of the heat regulation of all system components to obtain the best air-conditioning/consumption analysis.

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

Since 2011, Citroën and DS customers with the eTouch service offering can track their vehicle's consumption and carbon footprint via their MyCitroën personal space. A new version, that was launched at the end of 2014 and extended to the Peugeot brand, has added eco-driving advice on seven criteria: acceleration, braking, engine speed, use of Stop & Start, average speed, engine temperature, slope.

In 2014, the Group developed a service on the Peugeot 208, 2008 and 308 and Citroën C4 Cactus and C4 Picasso models 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.

Peugeot has also teamed up with Mobigreen, the specialist in training in environmentally-friendly driving behaviour, to offer the Peugeot Green Connect training programme. This service for companies enables drivers to acquire good eco-driving reflexes through an e-learning course on a dedicated website and a practical course in eco-driving on the road.

The Peugeot Connect Fleet service also enables companies to monitor fuel consumption trends, CO_2 emissions and the mileage of each vehicle using an online fleet management tool.

PSA Peugeot Citroën presented one of its connected car innovations, the CO_2 Cruise Assist system. This intelligent system is capable of anticipating a deceleration by letting the driver know when it is the best time to lift the foot off the accelerator. By 2018, it will reduce the use of braking, thereby bringing down consumption.

To efficiently determine in which situations it is advisable to stop accelerating, the CO_2 Cruise Assist uses different sources of information. To anticipate a slowdown caused by traffic, it first uses distance sensors dedicated to the adaptive cruise control function. The mapping of the satnav system also plays its part, by detecting inclines conducive to coasting or a change in the speed limiter setting that necessitates a deceleration.

Using this information, a dashboard display prompts drivers to lift their foot off the accelerator at the right time. While keeping full control over their vehicles, drivers also get enhanced driving comfort and reduce their fuel consumption and CO_2 emissions. Future Group vehicles will be equipped with a system whereby accelerator release is accompanied by coasting mode, further enhancing these gains.

2.1.6.3. WEIGHT

Already a leader in terms of the average weight of its vehicles, PSA Peugeot Citroën is taking a proactive approach to further reducing the weight of its vehicles, making this a core lever in reducing their environmental footprint. The current technical deployment plans will enable reducing the weight of vehicles by more than 100kg compared with current models: for example, the Peugeot 208 introduced in 2012 weighs 110kg less than the Peugeot 207, and the new Peugeot 308 and Citroën C4 Picasso launched in 2013 weigh 140kg less than previous 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.

The addition of these technical levers and orientations taken have enabled the Group to shed 200kg on the new C4 Cactus compared with the previous generation. Using high-performance materials (AHTS, aluminium for the bonnet and front and rear beams) and choices to reduce weight (pop-out rear windows, no-split fold rear seats), C4 Cactus is designed on the BVH1 compact platform that supports segment B vehicles. This makes it possible to propose a C segment petrol sedan car with less than 100g/km of CO_2 and a Diesel version at only 82g/km.

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 Peugeot Citroën has included the issue of air quality into 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 90% since 2013 with the introduction of the SCR solution.

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 regulations set the limits for emissions of regulated pollutants (CO, HC, NO_X, particles (mass (PM) and number (PN)).

The Euro 5 and Euro 6 stages (Brussels regulations EC 715/2007 and EC 692/2008 amended by regulation EU 136/2014) reduce the maximum admissible levels of particle number and particulate matter and nitrogen oxides (NO_X) emissions of Diesel and petrol-powered vehicles (in particular direct injection petrol technologies with respect to particle number) to very low levels. The Euro 5 and Euro 6 standards represent a more than 80% reduction in Diesel particulate matter weight compared with Euro 4. To meet the standard for the number of particles, a high level of filtering efficiency is required (more than 99%). As for Diesel nitrogen oxide emissions (NO_X), Euro 5 represents a 30% reduction and Euro 6 a 70% reduction compared to Euro 4.

EXTRACT OF EURO 4, 5, 6 LIMITATIONS

Measurements at ambient temperature "20°C" for passenger cars running on petrol or Diesel and light commercial vehicles (n1 class 1) – Brussels regulations EC 715/2007 and EC 692/2008 amended by EU regulation 136/2014.

Exhaust emissions at room 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	-	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)	-	0.005/0.0045**	0.0045**	0.025	0.005/0.0045**	0.0045**
Particle number	-	-	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

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

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

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

(2) Stricter PN limits beginning on 1 September 2017 for new vehicle types and 1 September 2018 for all types (one year later for certain categories). Remark: Euro 6 is broken down into two stages: Euro 6b (NT 1 September 2014; TT 1 September 2015) and Euro 6c (NT 1 September 2017; TT 1 September 2018). The Euro 6c stage has not yet been fully defined. Significant regulatory projects are being developed to be applied within less than three years, for example RDE (Real Driving Emissions).

(3) Introduction of PN emission limits for Diesels 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.

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

In Europe, the Group's petrol and Diesel-powered passenger cars have complied with Euro 5 standards since September 2009 for new models brought into the market and since January 2011 for all registered vehicles.

The next stage, Euro 6, came into effect on 1 September 2014 for new models and will come into effect in September 2015 for all new car registrations (one year later for certain vehicle categories).

In the rest of the world, vehicles sold by PSA Peugeot Citroën 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 had identified the need to address particulate pollution as far back as the end of the 1990s. To significantly reduce these emissions, the Group acted on two levers:

- it introduced on the market the new generation of Diesel HDi engines which reduced particulate matter by 60% compared with the previous generation (i.e. 100mg/km on the new HDi engines compared with 250mg/km on previous versions);
- next, it fitted this new engine with a very high-performance filtration technology, the particulate filter, more than nine years ahead of the Euro 5 regulation which made it mandatory as from September 2009. The particulate filter has been fitted on some vehicle models since 2000 and was significantly deployed as from 2007.

To date, the Group has invested €1.7 billion to develop technologies that would significantly reduce particulate matter and particle number emissions to the level expected by the Euro 5 and then Euro 6 regulations from 1 September 2014.

PSA PEUGEOT CITROËN: PRECURSOR IN PARTICULATE MATTER AND PARTICLE NUMBER REMOVAL WITH THE PARTICULATE FILTER

The particulate filter, which has equipped the entire Peugeot and Citroën Diesel portfolio since 2010, is mandatory on all vehicles marketed since the entry into force of the Euro 5 "all types" standard (January 2011). The particulate filter is an after-treatment system that eliminates solids from exhaust gases very effectively (> 99.9% in number, > 99% in mass). It has further enhanced the environmental performance of Diesel engines and plays an important role in improving the quality of air in urban areas. Launched in 2000 as a world first by the Group, the particulate filter has set the new standard for European Diesel engines. The European Commission, backed by its member states, defined a stringent PM and PN limit value so that Diesel vehicles must be equipped with particulate filter. DPF-equipped Peugeot and Citroën models satisfied well in advance the Euro 5 and Euro 6 PM/PN limits.

PSA PEUGEOT CITROËN'S SOLUTION: THE PARTICULATE FILTER WITH ADDITIVE TECHNOLOGY

The Group adopted a particulate filter with additive solution, the best option for efficiency and regeneration. This solution includes an additive reservoir, a ceramic filter and sensors. The iron-based additive is totally retained by the filter and is automatically added to the fuel (without any action from the driver): it lowers the combustion temperature of soot by about 100 degrees thus allowing faster regeneration in all conditions of use of the vehicle (city, road, etc.) unlike catalysed filters.

The Group continues to optimise this system not only to reduce its cost at equivalent performance, but also to add new functions, such as the impregnation of the filter with an SCR catalyst, which eliminates nitrogen oxides (NO_X) and particulate matter and particle number in a single system. It consists in integrating the SCR into the particulate filter (SCRF, Selective Catalyst Reduction on Filter system).

BENEFITS OF PARTICULATE FILTERS FOR AIR QUALITY:

The particulate filter screens out all fine and ultrafine particles very effectively. At the end of the 1990s, with the launch of additive particulate filters, particles emissions dropped from more than 3,500,000 particles per cm^3 on a non-filtered Diesel engine to 3,500 particles per cm^3 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/town driving – even when the filter is full.

A Diesel engine fitted with a particulate filter emits fewer particles than a latest generation petrol engine, with particle emission levels significantly lower than the thresholds required by the standard (20 times less in mass and up to 100 times less in number).

The additive DPF technology developed by PSA Peugeot Citroën reduces the fraction of NO_2 in NO_X, unlike catalytic filters manufactured by the competition.

A TECHNOLOGY THAT IS WIDELY DEPLOYED WITH A REAL IMPACT ON AIR QUALITY:

A pioneer in this field, the Group had sold a total of 8.83 million Diesel vehicles fitted with particulate filters by the end of 2014.

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 Group's entire Diesel portfolio has been equipped with the particulate filter since 2010. It is mandatory on all vehicles marketed since the entry into force of the Euro 5 "all types" standard in January 2011 in order to meet the PM limit and later on the PN limit. With Euro 5, the Group extended the particulate filter with additive technology to all its Diesel vehicle models: Peugeot 207, 208, 301, 308, 3008, 5008, 407, 408, 508, 807, 4007, 4008, RCZ, Partner, Expert, Boxer and Bipper and Citroën DS3, DS4, DS5, C3, C3 Picasso, C4, C4 Picasso, C4 Aircross, C4 Cactus, C5, C6, C8, C-Crosser, C-Elysée, Berlingo, Jumpy, Jumper, Nemo.

In 2014, vehicles equipped with particulate filters accounted for a little over 85% of total Group Diesel vehicle sales worldwide, compared with 83% in 2013, 78% in 2012, 65% in 2011, 47% in 2010 and 37% in 2009.

This deployment of technologies is continuing and is reinforced with the introduction of the Euro 6 standard (see table of dates and limits).

- Euro 6b: this regulatory stage is characterised by the deployment of Diesel NO_X after-treatment systems, in synergy with the particulate filter, in order to comply with the new and more stringent NO_X limit. The performance of Euro 6b-compliant vehicles under real driving conditions (Real Driving Emissions (RDE) test procedure) will for that matter be assessed at the earliest as from the second half of 2015 via an RDE monitoring phase. Vehicles that have received Euro 6c approval in advance may also be included in this monitoring phase. Member States should be notified of the results according to a reporting system that is being defined.
- Euro 6c: the second Euro 6 stage will be characterised by stricter requirements for the emission limit of the number of particles from direct-injection petrol vehicles (same limit as for Diesel engines) and by a reduction of emissions under real on-road driving conditions (new requirement called "Real Driving Emissions" or RDE). To comply with the 6c standard, the Group is studying technical solutions to reduce the number of particle emissions of direct-injection petrol vehicles: it is currently testing a large number of solutions, ranging from the optimisation of injection systems to the introduction of a particulate filter.

2.2.1.3. ELIMINATION OF NO_X WITH SCR (SELECTIVE CATALYTIC REDUCTION)

In prepartion of the Euro 6c regulatory stage, the Group decided, right from Euro 6b, to deploy Selective Catalytic Reduction (SCR) technology, identified by the "Blue HDi" label, across its entire Diesel portfolio to increase the performance of NO_X emission reduction.

This after-treatment technology substantially reduces nitrogen oxides (NO_X) emission levels by injecting a reducer into the exhaust stream before it enters a special catalyst chamber.

Integrated into a new emission control architecture including a particulate filter, this technology helps to optimise the engine's fuel consumption and CO_2 emissions.

Blue HDi is made up 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 the factoring in, well ahead of the deadline, of the mandatory inclusion of RDE into Euro 6c and reflects the Group's commitment to reduce its vehicle emissions under real driving conditions while keeping fuel consumption and CO_2 emissions at their optimum levels. However, this involves the setting up in France and Europe of a dense distribution network of urea (AdBlue®), a reducing agent used to transform NO_X into nitrogen.

Launched in November 2013 on the Peugeot 508 and the Citroën C4 Picasso on the 2.0 litre DW engine, Blue HDi technology was extended to the 1.6 litre DV engine in 2014, to be thus deployed on all the Peugeot, Citroën and DS models.

At the end of 2014, global sales of vehicles equipped with Blue HDi technology represented 95,500 vehicles, i.e. 8% of Diesel vehicles with particulate filters on an extended range of models of PSA Peugeot Citroën (Berlingo, C3, C4, C-Cactus, C-Elysée, DS3, DS4, DS5, 2008, 208, 3008, 301, 308, 5008, 508, Partner).

In line with forecasts obtained from air quality models, an initial assessment of 2014 results, published in January 2015 shows a significant environmental gain with respect to NO_X reduction. In December 2013, the European Commission (DG-Environment) had, for that matter, qualified the new RDE regulation as the solution to reducing automotive emissions in the future.

2.3. VEHICLE QUALITY AND SAFETY G4-DMA

PSA Peugeot Citroën 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

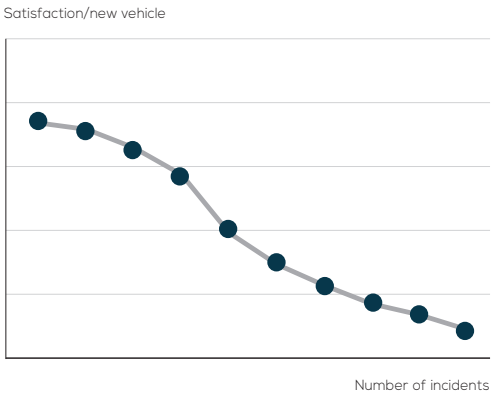
The PSA Peugeot Citroën Group's commitment to quality is centred on customer expectations, based on four fundamental points:

- 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).

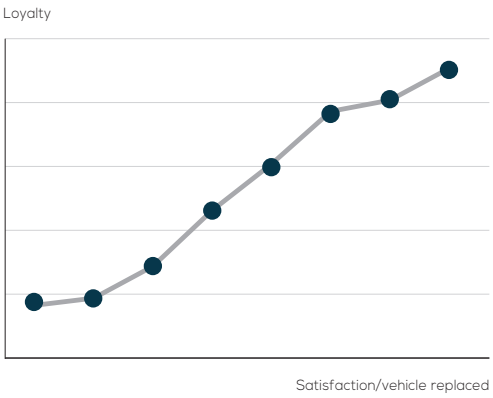
Quality promotes both customer loyalty and economic performance:

- Brand loyalty is directly correlated to the level of incidents experienced with the product;

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.

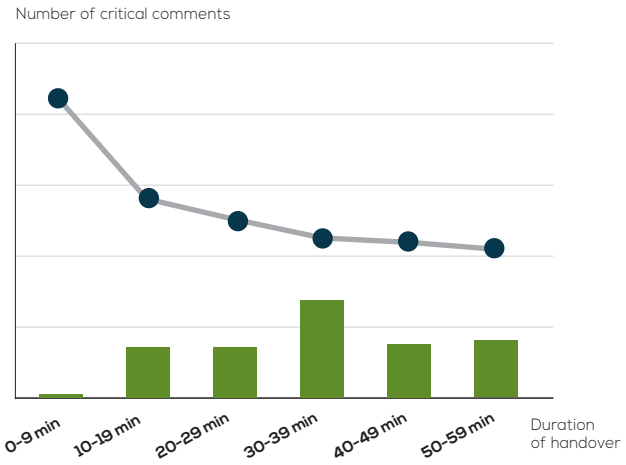
RELATIONSHIP BETWEEN LOYALTY TO THE DEALER AND AFTER SALES SATISFACTION

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

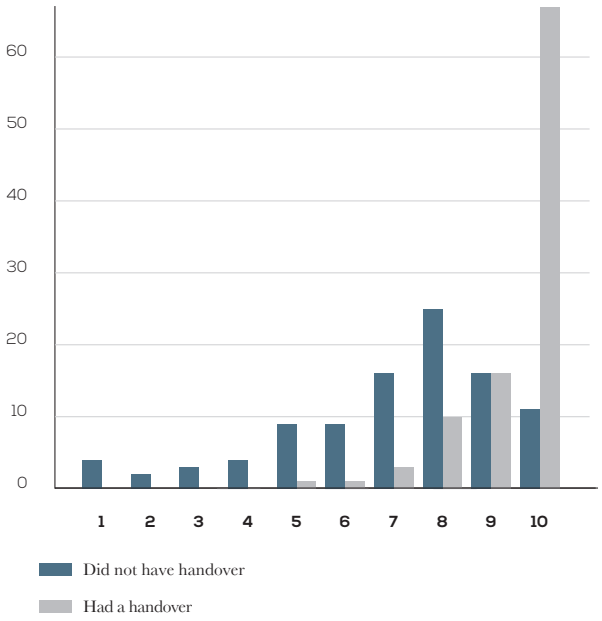
The improvement of quality also relates to warranty cost savings for the Group:

- 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 Peugeot Citroën also implements standards relating to 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



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.

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 Peugeot Citroën.

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.

2.3.1.1. GLOBAL CUSTOMER-FEEDBACK PROCEDURE G4-PR5

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

This procedure is based on:

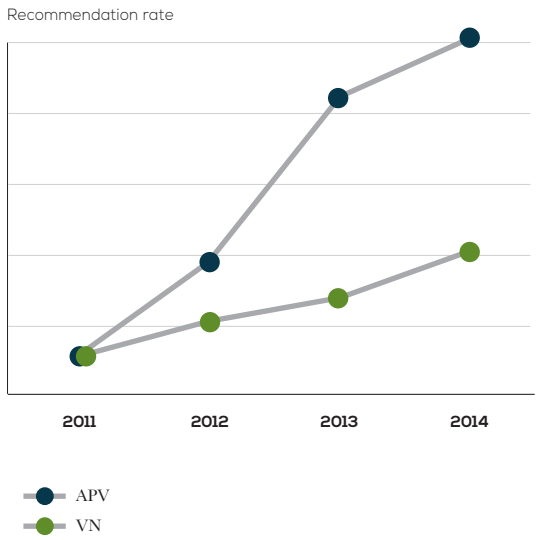
- studies piloted by the Group to measure, as close to the ground as possible, the progress and effectiveness of actions:
  - with respect to quality of service:

    Every year customer quality surveys are used to establish the views of customers (1.7 million in 2014) 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,
  - 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 Peugeot Citroën Group 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. PROTECTION OF CONSUMER HEALTH AND SAFETY

G4-DMA G4-SO8 G4-PR1 G4-PR2 G4-PR9

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 CO_2 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

(Scope Peugeot subsidiaries excluding Algeria, Asia, Hungary, Slovakia and Citroën subsidiaries excluding Asia, Hungary, Slovakia – data not available at time of report)

In 2014, 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:

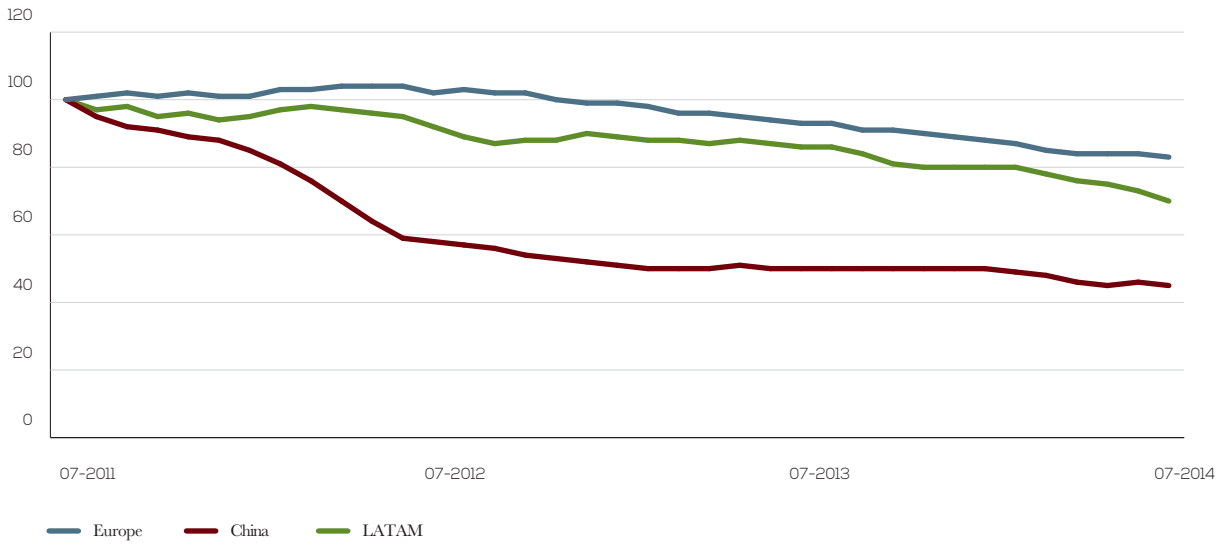
- at the design stage:
  - optimisation of technical standards on the basis of customer expectations, performance and reliability,
  - implementation of a specific protocol based on the most demanding customer expectations, according to geographical area, in order to handle quality perception, quality in use and the durability of Peugeot, Citroen 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 Peugeot and Citroën continuously monitor 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 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 2014, for the entire Group, 47 campaigns were carried out on volumes ranging from a dozen to several thousand 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) and the customers in question, notified individually and by mail.

The Group monitors the implementation of each campaign specifically and issues repeat requests to customers who do not come forward.

The operations carried out are free for the customer.

Economic insight:

Improvements to the quality of our products have led to:

- a fall over four years in the cost of factory quality control and touch-up of €7.5/vehicle produced in Europe (through an increased number of vehicles without fault in final validation and a reduction in damage sustained during transport);
- a reduction in warranty expenditure: based on a reference expenditure of 100 in 2006, the Group spent, under comparable conditions, 43 in 2012 (-57%/ 2006), and 38 in 2014 (-11.5%/2012);
- a reduction in warranty provisions of €68 million in 2014;
- a 50% increase in sales of warranty extension contracts since 2010. In 2014, for example, this revenue represented €102 million in the five biggest European markets.

This improvement is also one of the factors that legitimises the success of PSA Peugeot Citroën in its move upmarket and the development of DS: 528,000 vehicles sold since launching.

2.3.3. VEHICLE SAFETY G.41

The safety of different road users has been for many years the primary priority of PSA Peugeot Citroën. This commitment makes its vehicles among the safest available 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 Peugeot Citroën, corporate social responsibility also means a daily focus on sponsoring and education. PSA Peugeot Citroën continued its efforts toward Road Safety in 2014:

- 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, breaking 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 Peugeot Citroën has developed many innovations in this area which set it apart that are available on several vehicle lines:

PERFECTING 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 is triggered if the driver does not react to a risk of collision or increases braking by the driver in case of emergency on the road or motorway.

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 infotainment technologies demand close attention when designing HMIs.

PSA Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën 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 cab 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 nine 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;
- a steering column airbag (or knee airbag): it protects the lower limbs by reducing the impact on the knees and shins;
- 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 cells 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 reducing the frequency of 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

All Group models from the entry level up rank among the best in secondary safety, as attested by the results of European and worldwide impact tests: Euro NCAP, China NCAP, Latin NCAP.

Since 2009, a new Euro NCAP protocol has been in place: in the new Euro NCAP rating, vehicles tested will receive an overall rating which takes into account results with respect to the protection of adults, pedestrians and children, and the fitting of safety equipment.

Thirteen Group vehicles, which were tested according to the new protocol that was made more stringent in 2009, obtained the maximum five-star rating.

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 Euro NCAP 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 passive safety.

EURO NCAP

Model	Year launched	Test protocol in force until 2008				Test protocol in force from 2009	
		Year of test	Adult Occupant Rating (1)	Pedestrian protection (1)	Child Protection Rating	Year of test	Overall rating
Citroën C1 Peugeot 108 (2)	2014					2014	****
Citroën C4 Cactus	2014					2014	****
Citroën C-Elysée Peugeot 301 (2)	2013					2014	***
Citroën Berlingo Peugeot Partner (2)	2008					2014	***
New Citroën C4 Picasso	2013					2013	*****
Citroën C1 Peugeot 107 (2)	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 (2)	2010					2011	****
Citroën C4	2010					2010	*****
Citroën Nemo	2010					2010	***
Citroën C3	2009					2009	****
DS3	2009					2009	*****
Peugeot 5008	2009					2009	*****
Peugeot 3008	2009					2009	*****
Citroën C3 Picasso	2009					2009	****
Peugeot 308 CC	2008	2008	*****	**	***	2009	*****
Citroën Berlingo Peugeot Partner (2)	2008	2008	****	**	****		
Citroën C5	2008	2008	*****	**	****	2009	*****
Peugeot 308	2007	2007	*****	***	****	2009	*****
Peugeot 207 CC	2007	2007	*****	**			
The Citroën Grand C4 Picasso	2006	2006	*****	**	****	2009	*****
Peugeot 207	2006	2006	*****	***	****		
Citroën C6	2006	2005	*****	****	****		
Peugeot 407 Coupé	2005	2005	*****	**	****		
Citroën C1 Peugeot 107 (2)	2005	2005	****	**	****		
Peugeot 807 Citroën C8 (2)	2002	2003	*****	*			

(1) Protection of occupants: rated out of five stars - Pedestrian protection: rated out of four stars.
(2) Vehicles appearing on the same line have the same technical specifications.

CHINA NCAP

	Year launched	Year tested	Overall rating
DS5	2014	2014	*****
Citroën C4L	2013	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: ALERTING, PROTECTING, ASSISTING

PSA Peugeot Citroën has played a pioneering role and remains the European leader in post-accident or tertiary safety, which helps to attenuate the effects of an accident by facilitating emergency rescue in two ways:

EMERGENCY CALL SYSTEM

Implementing the devices before European regulation PE/112 comes into effect at the end of 2017, 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 Peugeot Citroën 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 2011	Cumulative total through 2012	Cumulative total through 2013	Cumulative total through 2014
Cumulative total of Peugeot and Citroën mass-produced vehicles equipped with the PSA Peugeot Citroën emergency call system	1,016,676	1,278,048	1,498,340	1,672,495
Cumulative total alerts sent to emergency services	5,212	7,207	9,690	12,885
Countries in which the PSA Peugeot Citroën emergency call service is available	10 countries: France, Germany, Italy, Spain, Belgium, Luxembourg, Netherlands, Portugal, Austria and Switzerland	13 countries: as above + Denmark, Poland and the United Kingdom	17 countries: as above + Czech Republic, Slovakia, Norway and Sweden	17 countries: as above

VICTIM REMOVAL INSTRUCTIONS

To facilitate the job of rescue workers after an accident, PSA Peugeot Citroën works with French rescue teams to prepare victim removal instructions for each of its models. Regular training sessions are held to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market. Meanwhile, PSA Peugeot Citroën is working with the Public Safety Services of the French Interior Ministry and the zonal victim removal group on defining an international standard for victim removal instructions. This project is being developed under the aegis of ISO, which includes Germany, Japan and the USA among others. This standard is expected to be applicable from January 2015 and to become a standard throughout the world.

2.3.3.4 PEUGEOT MOTOCYCLES

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

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

- development of the SBC integral braking system (2001);
- first brand in the world to offer ABS on a 125 scooter (2002);
- marketing of an airbag vest (2011);
- marketing of the Peugeot Metropolis, the first three-wheel scooter on the market with an aluminium front wheel axle for more accurate road handling and a DRL (Day Running Light) for heightened visibility by day (2013);
- signing in November 2014 of a partnership between Peugeot Motocycles and Dainese to deploy D-Air equipment on the Metropolis scooter (high-tech airbag vest with wireless activation).

2.4. ENVIRONMENTAL IMPACT OF MATERIALS AND END OF LIFE G.22 G4-EN27

Key figures	2013	2014
Proportion of vehicles sold during the year covered by the LCA	20%	28%
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 C4 Cactus
Recyclability rate	All PSA vehicles are 95% recoverable, with a minimum of 85% recyclability and reuse	
Effective European recycling and recovery rate	89.4% average perf. Europe (1)	
Of which of PSA in France	*89.9% perf. PSA in France (2)*	ND

(1) European average performance in 2012, following statements by the EU Member States (Source: Eurostat).
(2) PSA revenue in 2012 from ELVs collected in the distribution networks in France (Source PSA/ADEME).

Economic insight:

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

The use of 30% recycled or bio-sourced materials is one of the **cost control levers for materials purchasing**: the use of recycled polypropylene and polyamide (rather than the same virgin materials) led to **savings of €6.4 million in 2014**, contributing to the Group manufacturing cost reduction objective included in 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 also limits its consumption of steel: in 2014, steel requirements were reduced by tens of thousands of tonnes, which led to saving **of €12 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 €5.5 million in 2014, including €1.8 million for the sole company-owned network (Peugeot Citroën Retail)**.

In addition, the brands commit to the circular economy along with their distribution networks:

- by developing a "standard exchange" service for renovated mechanical parts: on the basis of 30% lower prices on average compared to the same new parts, this business generated **total revenue of €88 million** in 2014;
- by developing a "parts for reuse" service in France in 2015, which are sourced from the Group's end of life vehicles: by lowering the cost of repair, this service will extend the life of the vehicle and generate revenue in the networks.

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

The Group has actively researched recycled polymers (non-metallic and non-mineral) since 2008, polymers accounting 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. For example, the steel used already contains a large amount of steel from recycled sources.

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

Since 2008, the Group has deployed an ambitious plan which has increased the proportion of green materials to beyond the 20% of the average total mass of polymers for new vehicles that debuted in 2013/2014, from an average 6% in 2007.

The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle projects.

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

- the Group is also helping to financially support the Bioplastics university chair at the Mines ParisTech engineering school, notably by funding five PhD theses on natural fibres, bio-sourced polymers and a variety of other subjects;
- PSA Peugeot Citroën 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 Peugeot Citroën 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.

PSA Peugeot Citroen is now working on integrating recycled materials into all of the materials that form the 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.

The objective is to reach an average rate of 30% recycled and natural materials in the Group's vehicles.

2.4.1.2. DEPLOYMENT OF RECYCLED AND NATURAL MATERIALS IN VEHICLES

The latest vehicles brought to market illustrate the results obtained on the inclusion of recycled materials:

- the Peugeot 208 has an average of 32% recycled and natural materials in the overall vehicle. For the first time in the world, the rear bumper is made entirely of recycled material. According to a Life Cycle Analysis conducted within the group, the use of a 100% recycled polypropylene bumper reduces the impact on the depletion of natural resources by 36% in comparison to a new polypropylene bumper. Similarly, a study conducted in partnership between PSA Peugeot Citroën, Rhodia and Valeo has demonstrated that the use of recycled polyamide in the cooling fan system reduces CO_2 emissions by approximately 30%, compared with the same components made with new polyamide.

  Green materials are also used for many other parts and sub-assemblies, including wheel well inner liners, rear bumpers, soundproofing, boot carpeting, steering wheels, seats, engine covers and air filters;
- the new Citroën C4 Picasso has an average of 31% recycled and natural materials in the overall vehicle. In addition, almost 80 different polymer parts are made of natural materials (30%) and recycled materials (70%).

  Please note the following features:
  - the inclusion of 6% recycled materials in the back flooring,
  - carpeting made of over 80% natural materials.
- 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 note-worthy features of the 308:

  - the door panel trim of polypropylene filled with natural fibres. A life cycle analysis, conducted in partnership between PSA Peugeot Citroën and Faurecia, on these trims 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.

2.4.1.3. REDUCING HAZARDOUS SUBSTANCES

G.24 G.41

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

Regulatory requirements 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 Peugeot Citroën first asked suppliers to provide a compliance certificate for each part delivered. Since 2004, this information has been collected from suppliers using the material composition system information MACSI (*Material Composition System Information*).

  Examples include:

  - The Chromium VI used in anti-corrosion coatings for many metal parts have 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 Peugeot Citroën has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. In this respect, PSA Peugeot Citroën 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 Peugeot Citroën has set a goal of limiting as much as possible the use of substances on the REACH candidate list and anticipating the prohibitions in Appendix XIV 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 wire harness PVC sheaths, has been substituted.

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

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 Peugeot Citroën.

2.4.2. ECO-DESIGN AND LIFE CYCLE ANALYSIS

G.28 G4-DMA G4-EN4

From the design phase forward, PSA Peugeot Citroën teams work to minimise the impact of the automobile on the environment (control of consumption, emissions of CO_2 and pollutants, 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: › on the environment: CO_2 emissions, local pollutants, the use of resources and recyclability; › on society, by improving their safety performance, reducing noise pollution, easing traffic congestion, etc.
Production	Reduce the environmental impact of automobile manufacturing. Ensure workplace safety. Participate in the economic and social life of local communities.
Transport and sale	Integrate environmental concerns into supply chain and dealership network management. Responsibly inform customers in 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: promote safer driving habits which are more respectful of the environment, reduce vehicle consumption, develop more and more efficient exhaust pollution-control solutions.
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. In the context of an eco-design-focused PhD CIFRE thesis (industrial agreements on training through research) of three years, the Group has thereby developed a method for assessing the environmental performance of innovations for the Advanced Research & Development Division teams. Following analysis of the existing methods, two tools have been developed: one on assessing the recyclability of innovations and a second on the evaluation of environmental performance suited to innovation.

Accordingly, the consideration of environmental impacts in the innovation process has been in effect since 2013, and a complete evaluation of each critical innovation is conducted.

Finally, PSA Peugeot Citroën 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.

2.4.2.1. LIFE CYCLE ANALYSES G4-EN4

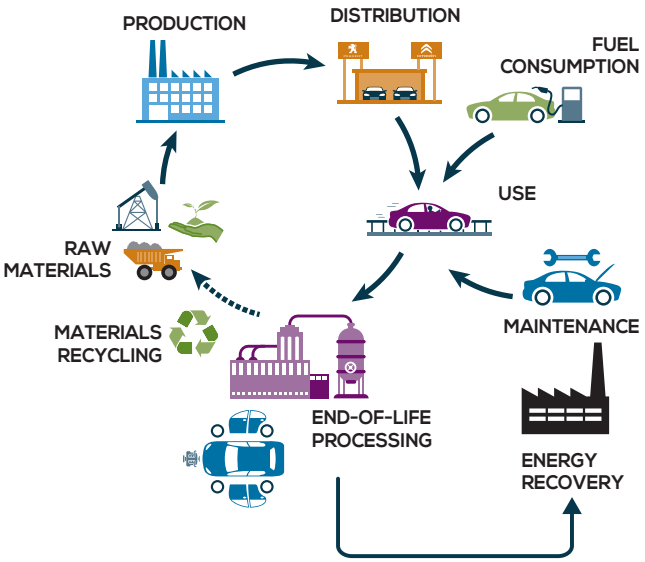
PSA Peugeot Citroën conducts Life Cycle Analyses, within the framework defined in the ISO 14040/044 standards, on its vehicles and components. These studies analyse the multi-criteria environmental footprint of a vehicle and validate its component and materials design. The entire product life cycle is 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 by Bio Deloitte, a firm with expertise in life cycle analyses.

As a result, in 2014, life cycle analyses covered 28% of the total fleet sold.

SIMPLIFIED DIAGRAM OF A VEHICLE LIFE CYCLE



MAIN INDICATORS OF ENVIRONMENTAL IMPACT MONITORED BY PSA PEUGEOT CITROËN

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_2O, 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 ANALYSES

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 new Citroën C4 Picasso, compared with the previous version;
- the new Peugeot 208, with or without the Stop & Start system, in comparison with the Peugeot 207;
- the Peugeot 508 in comparison with the Peugeot 407;
- the new Peugeot 308 gasoline, with a new Stop & Start system in comparison to the previous version of the Peugeot 308.

In addition, PSA Peugeot Citroën conducts, in cooperation with suppliers, 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 2015, the group plans to carry out the life cycle analysis of the Citroën C4 Cactus and to continue analysis on composite parts used to make vehicles lighter.

2.4.2.2. VEHICLE CARBON FOOTPRINT

G4-EN17

In addition, PSA Peugeot Citroën has begun a process to determine the total CO_2 equivalent coming from its operations in Europe.

These calculations take into consideration all PSA Peugeot Citroën activities that emit greenhouse gases (primarily CO_2), 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 constituent materials of vehicles produced in 2013 were taken into account, from extraction to their forming and assembly on the vehicle, using life cycle analysis databases;
- the Group's manufacturing plants (assembly plants or mechanical plants) and tertiary sites (including development sites): this information is from GHG (Greenhouse Gas Effect) reviews made on all plants and tertiary sites of the PSA Peugeot Citroën group (Reference GHG Review 2012);
- fuel extraction and production necessary to use the vehicles manufactured;
- use phase of the vehicles manufactured.

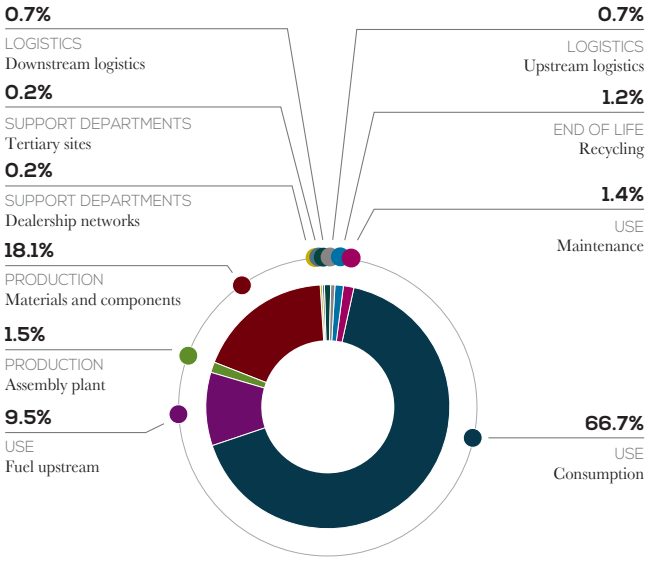
  The use of vehicles produced in the year 2013 has been taken into account according to the following functional unit: use for a duration of ten years with 150,000km travelled.

  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, CO_2 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 CO_2 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



Total emissions of CO_2 equivalent for vehicles produced in one year by the Group amounted to 33.9 million tonnes.

The vehicle use phase represents almost 80% of the CO_2 emissions equivalent of the overall vehicle carbon footprint. For this reason, PSA Peugeot Citroën devotes significant research and development to consumption factors and reductions in vehicle weight (see section 2.1).

2.4.2.3. ECODESIGN, 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. In particular it establishes three types of recovery stream for end-of-life vehicles: reuse of parts, recycling of materials and energy recovery. It requires vehicles to be overall 85% recoverable by vehicle weight, of which 80% is actually reusable or recyclable. Beginning in 2015, vehicles will have to be 95% recoverable, of which 85% reusable or recyclable.

In order to meet these obligations, PSA Peugeot Citroën 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: firstly, the upstream area, which deals with eco-design, and the downstream area dealing with the monitoring of the collection and processing of end-of-life vehicles. This work is conducted in close collaboration with partners such as suppliers, recycling operators and manufacturers associations.

PREVENTIVE MEASURES: COMMITMENT TO 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. In this way, in working towards a hypothetical conclusion, 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 Peugeot Citroën is involved in research and development projects with partners from the automotive and recycling sectors:
  - PSA Peugeot Citroën is a leader of the European ABattReLife project, which was launched in May 2012 with the following partners: Bayerische Motoren Werke AG (Germany), the Vehicle of the Future Centre, Belfort-Montbéliard University of Technology, Troyes University of Technology, Nederlandse organisatie voor toegepast natuurwetenschappelijk onderzoek (Netherlands), KEMA Nederland B.V. (The Netherlands), Fraunhofer-Gesellschaft (Germany), Bayern Innovativ GmbH (Germany), Freiberg University (Germany) and Munich University (Germany).

    The ABattReLife project aims to deepen the Group's understanding of the high voltage battery life cycle. Practically speaking, it will focus on the assembly and management of a database on the behaviour and deterioration of high voltage batteries, and develop strategies and technologies for recycling and reusing lithium ion batteries,
  - PSA Peugeot Citroen 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

dismounting 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 Peugeot Citroën 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,

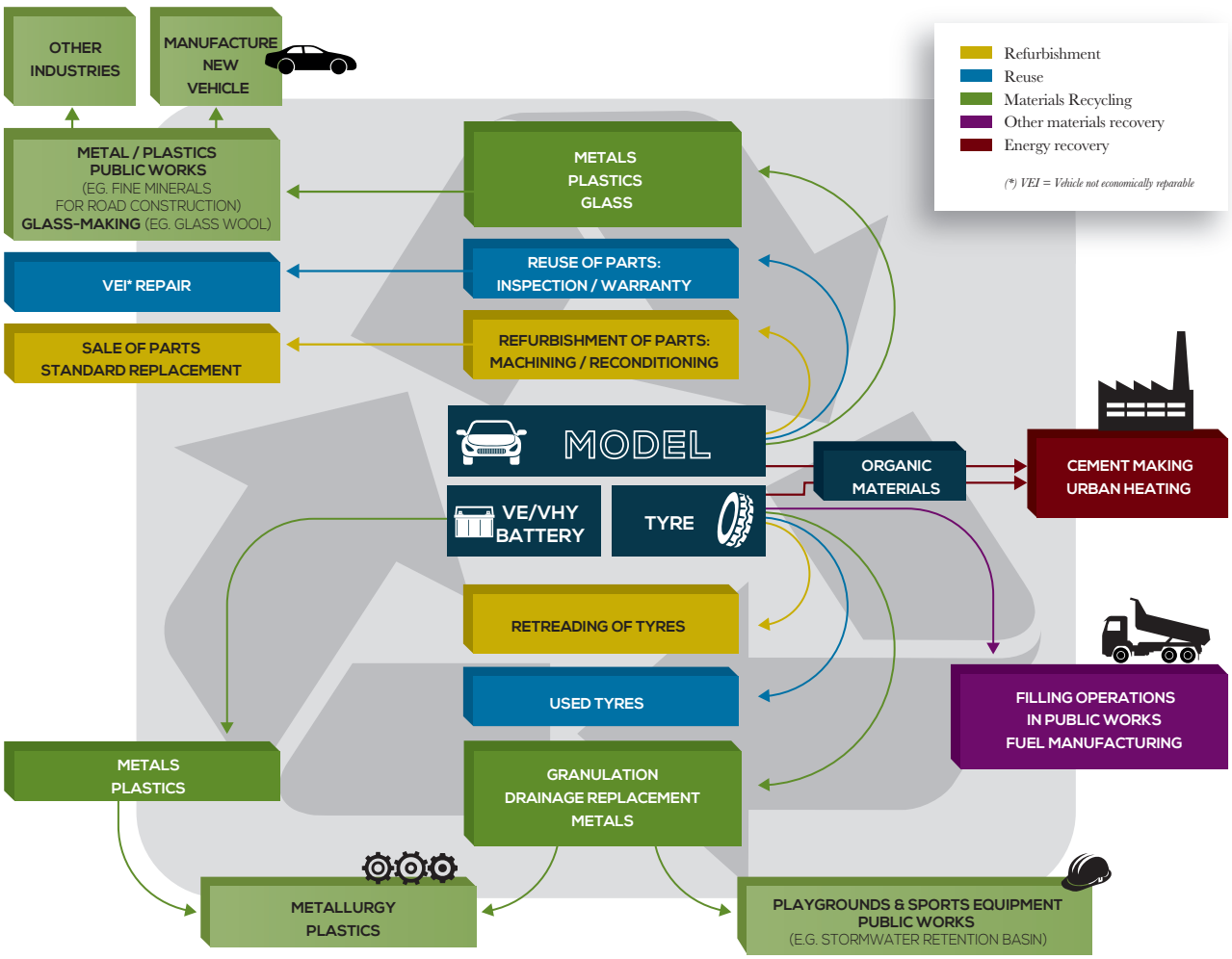
› as a participant in the International Dismantling Information System (IDIS) project, the Group provides recycling facilities with disassembly instructions for the Group's vehicle brands.

On 9 December 2014, the Group's UTAC certificate was renewed for a period of 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, Citroen and DS vehicles are now certified to meet this requirement.

THE MANAGEMENT OF PRODUCTS AT END OF LIFE: RECYCLING AND RECOVERY

RECYCLING OF END-OF-LIFE VEHICLES (ELV)

Downstream, the Gorup 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.

These partners of the Group work with networks of certified dismantling companies (510 at year-end 2014) that collect ELVs, deregister and depollute them and then dismantle them to resell parts for reuse.

- This strategy led to the **collection and processing** of **more than 765,000 ELVs** coming from the Peugeot and Citroën networks between 2009 and 2014.

  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 2012 = 89.9% of which 84.7% reused or recycled*.

  As previously reported, the most recent ADEME data (2012) at the national level reports overall performance in reuse, recycling and recovery to be 87.0% (of which 82.4% 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 which are capable of reaching these objectives: regulatory compliance, compliance with removal deadlines, incentive compensation in the brand networks, overall recovery rate of 95%, investments in R&D to find new commercial outlets for the recycling and energy recovery sectors.

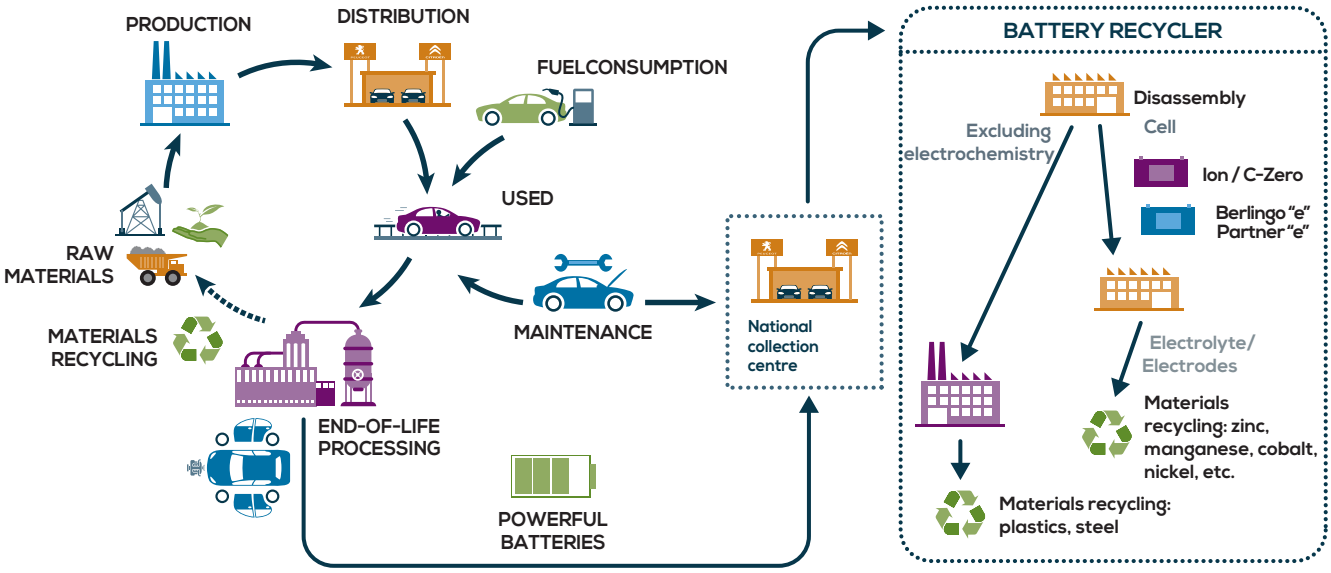
In addition, this strategy opens opportunities for new sources of materials for the automotive industry, allowing for the incorporation of recycled materials (plastics, metals, etc.) in the manufacture of new vehicles, according to PSA design goals.

In European markets, as part of collaboration with European manufacturers, the Group has updated its analysis of market risk to over twenty markets, considered to be a priority, and has committed to implementing the action plans as defined. Furthermore, all contracts signed by the subsidiaries are monitored, and renewed if necessary.

The Group participates with its local partners in the development of national regulations, as in China or Slovakia in 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%.



* *Since ADEME has not released official statements for the end of 2014 concerning ELV operators in France, the Group is not yet able to determine its performance for 2013.*

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 2014, 3,500 tonnes of tyres from ELVs were treated as "materials recovery" (reuse, drainage solutions, granulation, etc.). In addition, used tyres collected by authorised Group repairers as part of car repairs are collected and recovered at the national level, of which more than 55% under "materials recovery" (reuse, granulation, etc.) in 2013.

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 activity of the Group in the circular economy through the refurbishment of used parts regularly collected from brand repairer networks for over 30 years at the Hérimoncourt centre.

  With 13 product families handled, and 700,000 items processed per year, half of which are renovated and resold as "standard Spare parts" and the other half used for materials recovery, this activity generates no waste. As an example, 80% of particulate filters, 75% starters/alternators, 64% of powertrains and 60% of transmissions sold in France originate from standard replacements. These parts are offered to the public with the same Manufacturer warranty as new parts.

  In 2014, for example 25,756 engines, 43,559 alternators, 300,994 clutches, 154,272 injectors were refurbished and resold in Europe;
- the recovery of parts from ELVs to provide parts for reuse service.

In 2015, the brands will introduce a commercial service for their repairer network to offer their customers a salvage solution for vehicles deemed to be economically irreparable by insurance company agents, including parts for reuse service. The Group demonstrates its social commitment with "base of the pyramid" services, and its environmental commitment through its participation in the circular economy.

2.5. MOBILITY SOLUTIONS SERVICES

G.32 G.41 G4-4 G4-8 G4-EN7 G4-EN17 G4-EN27

Beyond the standard car services (maintenance, financing, insurance), PSA Peugeot Citroën 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 in terms of means of transport: urbanisation, CO_2 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).

Through the use of new connected vehicle technology and a product range from two wheelers to light commercial vehicles, PSA Peugeot Citroën offers a wide range of mobility services which largely cover the needs of businesses and individuals with over 5,500 vehicles in rental fleets in Europe at the end of 2014.

2.5.1.1. SHARE YOUR FLEET, A NEW 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 on-line on a simple, user-friendly platform, and access them without keys using an RFID card 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 long-term lease (maintenance, insurance etc.), online assistance, and carsharing 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 last case, employees of the company may use company vehicles for a weekend, for example, paying the price of the rental;
- provide a service which motivates employees: access to vehicles 24/7, very flexible use (booking up to 15 minutes before departure).

Share Your Fleet is available for a wide range of vehicles, including city cars, sedans, Sport Utility Vehicles, Light-Duty Vehicles and Electric Vehicles.

2.5.1.2. MU/PEUGEOT RENT, A SHORT TERM RENTAL SOLUTION WITHIN THE PEUGEOT DEALER NETWORK

http://www.mu.peugeot.en/

Since 2010 Peugeot has provided a Short Term Rentals service called Mu/Peugeot Rent. Launched in France, followed by Germany and England, Mu/Peugeot Rent now has a 5,000 vehicle fleet that meets different types of needs for professionals and individuals:

- standard Short Term Rental of a wide range of vehicles for specific needs: from the small city car to the Utility Vehicle used for a house removal, for example;
- rental providing an extended test drive of a vehicle;
- rental providing a means of mobility when your regular vehicle is under maintenance.

2.5.1.3. CITROËN MULTICITY, URBAN CARSHARING AND GATEWAY TO INTER-MODAL TRANSPORT

With Citroën Multicity, which includes innovative services to meet the new uses for mobility, the brand has offered, since March 2011 in France and May 2012 in Germany, to all people without subscription, solutions that position the manufacturer as an enabler of travel through car sharing and online services.

- **Citroën Multicity carsharing in Berlin** has deployed a fleet of 350 100% electric Citroën C-Zéro cars in the streets of the German capital since August 2012. This car-sharing service makes it easy to find a vehicle (using a Smartphone or internet application) and make a single journey without reservation in Berlin: there is no need to return to the starting station or to park in a specific station. Rental is highly flexible because it is billed by the minute at very attractive prices.
  https://www.multicity-carsharing.de/
- **Citroën Multicity online, a gateway allowing all types of trips to be organised, is online until the end of 2014:**
  - comparison of all travel solutions by price, time required and CO_2 emissions;
  - reservations for rental cars can be made online or by phone; delivery of rental cars in less than 3 hours in core cities in France (Citroën Call Car);
  - access to Mobility News: Rentals between Owners and Carpooling;
  - updating of navigation maps;
  - exclusively for Citroën owners: a service contract can be bought online.

After more than three years of service and experience, Citroën is currently addressing issues related to new uses for mobility in a new light, and has closed the Citroën Multicity site to refocus its mobility services closer to its role as carmaker.

2.5.2. ONBOARD INTELLIGENCE SERVICES

PSA PEUGEOT CITROËN - A PIONEER IN COMMUNICATING CARS

PSA Peugeot Citroën began the shift to connected cars very early. The Group pioneered emergency call and automated assistance to automatically call for help in case of an accident. To date, more than 1,672,000 Peugeot, Citroen and DS vehicles have been equipped with this system. Since 2012, PSA Peugeot Citroën has also provided the service platforms Peugeot Connect Apps and Citroën Multicity Connect. Using a 3G connection, they provide the driver with online services, support, communication and information.

The group is also one of the first car makers to use the smartphone screen to vehicle screen transfer technology (via MirrorLink©, digital Ipod Out©) and offer a telematics unit as standard for remote management of the vehicle fleet.

TOWARDS TELEMATICS SOLUTIONS AS STANDARD

Even before the regulation requires it in Europe, PSA Peugeot Citroën is installing embedded telematics units across an increasing range of its vehicles. The Group's Connect Box unit will enable all of its vehicles to communicate.

Moreover, to meet the needs of increasingly connected consumers, the Group is developing a new generation of open, scalable telematics platforms, based on Linux Open Source and the GENIVI standard. Scheduled for 2015, this has been developed to ensure true digital continuity with a smartphone or tablet. This technology will allow the rapid introduction of new services and an ecosystem of applications will emerge. Piloted by the new Business Unit "Connected Vehicles and Services" at PSA Peugeot Citroen, these services will have four objectives:

- improving safety;
- provide savings for drivers through better use and better maintenance of their vehicle;
- saving time;
- enjoy time spent in the vehicle with a new customer infotainment experience.

INTEGRATING WITH THE INTERNET OF OBJECTS

From 2017, PSA Peugeot Citroën will launch innovative solutions that will put Peugeot, Citroen and DS at the heart of the Internet of Things. For example, technology such as Qeo could provide dialogue with domestic equipment and enable some devices, such as heating and TV, to be controlled remotely.

PAVING THE WAY FOR AUTOMATED DRIVING

These emerging connected devices will be usable by the next generation of driver-assistance systems. They will automatically exchange information between vehicles, with dedicated infrastructures. Driving delegation technologies, which PSA Peugeot Citroën is developing, will also be based on these devices. All these innovations will help connect users, and not just vehicles.

PSA Peugeot Citroën's new onboard intelligence services are designed to make mobility safer, more efficient and more environmentally friendly.

2.5.2.1. PEUGEOT CONNECT

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

- Peugeot Connect SOS, for geo-located emergency call, was incorporated in 1,045,424 Peugeot vehicles by the end of 2014;
- Peugeot Connect Assistance, for location-aware repair assistance;
- Peugeot Connect Fleet Management, for easier remote fleet management. This service provides remote access to all the data needed to support fleet use and maintenance, including odometer readings, the number of kilometres before next inspection and diagnostics for mechanical components such as the gearbox and emissions control system. Fleet managers are alerted in real time by e-mail if the system detects safety issues such as low oil, worn brake pads or under-inflated tyres. By promoting regular maintenance, the networked service also helps reduce the fleet's environmental impact. The Peugeot Connect Fleet service also includes fuel consumption and CO_2 emissions monitoring, as well as vehicle geolocation. Data is retrieved via partner platforms for fleet management such as Orange Business Services. For vehicles without Connect Box unit, an after-sales solution is offered by the network.

2.5.2.2. CITROËN CONNECT BOX

The Citroën Connect Box (formerly eTouch) service, innovative and accessible to retail and corporate customers, includes:

- a geo-localised emergency call system and assistance service, available via an embedded SIM card, was incorporated in 627,071 Group vehicles by the end of 2014;
- a virtual log and an eco-driving service, a diagnostic that displays any technical alerts, monitoring of fuel consumption and CO_2 emissions and any changes, available online (via the MyCITROËN web page) and smartphone.

A remote fleet management service is also available at Citroen: Citroën Connect Fleet Management, which offers the same features as Peugeot Connect Fleet Management.

2.5.2.3. PEUGEOT CONNECT APPS AND CITROËN MULTICITY CONNECT

Peugeot Connect Apps (on 208, 2008, New 308 and 508) and Citroën Multicity Connect (on New Citroën C4 Picasso/Grand C4 Picasso and C4-Cactus) offer a scalable mobility service in partnership with core brands: applications running on the vehicle's touch screen provide access to services that make travel easier, safer and customised. A range of applications is also available for the New 308, 508 and New Citroën C4 Picasso/Grand C4 Picasso, C4-Cactus. This service was available in 17 countries in 2014. Easy to access, it is designed as a plug and play solution with no additional cost regardless of the country the customer visits and is based on an all in one dynamic which is illustrated via:

- exclusive Plug & Play operation: no factory option, no specific commands, no configuration at point of sale;
- an all inclusive subscription created exclusively for PSA Peugeot Citroën (transparency and security for customers): all-inclusive prepaid, no hidden billing, no roaming charges when travelling in Europe, no tacit renewal, no need to request termination at end of contract, etc.;
- improving the driving experience: readable screen, attention to layouts so that pages are clean, creation of standardised buttons for all applications, developments of functionalities consistent with internet services (click to call and click to nav), increased driver safety though the blocking of access to some functionalities when the vehicle is in motion, etc.;
- use of geolocation (near-vehicle search, etc.) and vehicle dashboard indicators (speed, mileage, fuel level) – all of which is inaccessible to smartphones;
- service integrated with customer relations (CRM), which enhances personal space, proactive management of vehicle maintenance plan;
- regular enrichment of services with the arrival of new applications, both free and pay, that offer drivers new connected experiences.

Encouraged by its experience in Europe, the Group launched in China sets of connected services with its joint venture partners CAPD and CAPSA in 2014: Blue-i (Peugeot), Citroen Connect and DS Connect are deployed on new vehicles. These services are offered to customers for a period of two years and provide access to emergency calling, assistance calling, traffic information, searching for points of interest, news about the vehicle, and current events. In addition, these offers are supported by a call centre service open 24/7, which allows the customer to be geo-located in order to best meet their expectations. For example, a customer may request the location of the nearest service station and the call centre agent will forward the address to the vehicle navigation system. Finally, services are complemented by an application on the customer's smartphone, which offers, for example, a guidance service called "last mile guidance" allowing the customer to finish their journey on foot, with guidance to their final destination after parking the car.

These services have been designed to be compatible with the driving situation at hand

2.5.2.4. PEUGEOT/CITROËN MIRROR SCREEN

Launched in 2014 on the Peugeot 108 and the new Citroën C1, a Mirror Screen feature allows the driver's compatible Smartphone applications and content to be duplicated, and controlled via the 7" touch pad built into the vehicle dashboard. Without an additional subscription or subscription fee, the driver's Smartphone is extended to the vehicle, along with their applications and multimedia content.

These applications are designated as compatible because they have been certified for driving safety: controlled from the 7" touch pad, or by voice in some cases, they avoid the need to control the Smartphone directly. Peugeot/Citroën Mirror Screen assumes the use of a compatible Smartphone (list available on the brand websites).

2.5.3. DEDICATED FINANCE & INSURANCE PACKAGES PROVIDED

Most Banque PSA Finance branches are now offering packages to both individual customers as well as 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 offers provide constant use of a vehicle in exchange for a fixed monthly "subscription", regardless of incidents occurring during the term of the contract: vehicle out of use - breakdown, accident, unemployment, inability to work.

Banque PSA Finance also offers solutions to extend the manufacturer's warranty, extending the maintenance and maintenance in good condition 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 and oversee it as much as possible (with regard to consumption, etc.).

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 petrol 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).

2.6. SCOPE AND METHODOLOGY OF REPORTING 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 PEUGEOT CITROËN

Our new social contract to rebuild the Group's financial fundamentals is based on a sustainable policy to drive transformation within the company and prepare employees for upcoming changes. This involves sharing the Group's strategy and implementing a culture of social dialogue, at the Group level, as well as in each country and in each workplace.

The human resources policy supports and provides security to employees via negotiated provisions and close HR support. It emphasises social dialogue as the means to define innovative solutions and to build trust and commitment.

This human resources policy maintains its priorities and its fundamental principles: developing talent and protecting health and safety through policies applied throughout the company.

It focuses on each person to ensure equal opportunity. The PSA Peugeot Citroën 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.

Accordingly, five significant social issues have been identified by the PSA Peugeot Citroën Group:

- managing jobs and social dialogue;
- attracting, developing and retaining talent;
- occupational health and safety;
- diversity and equal opportunity;
- human rights and union rights.

These five priorities are described in section 1.3.2.1 of this report. To meet these priorities, PSA Peugeot Citroën has defined and rolled out the policies presented below and broken them down into applicable management systems based on standards that have been applied, verified and improved as part of a continuous improvement philosophy.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
SOCIAL DIALOGUE AND MANAGEMENT OF JOBS AND SKILLS*	See section 1.3.4.2: Scoreboard of commitments and pathways for the strategic CSR issues.				
HEALTH AND SAFETY AT WORK*					
ATTRACTING, DEVELOPING AND RETAINING TALENT	Develop and acknowledge employees' skills.	More than 80% of managers, technicians and supervisors complete a development action from their PDP during the year.	Provide 2/3 of employees with at least one training action (face-to-face session or e-learning tutorial).	69% access rate to training.	Make the Personnel Development Plan (PDP) a means to develop skills for more than 80% of managers, technicians and supervisors, versus 25% in 2014.
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.	Percentage of women senior managers and executives raised to 11% (vs 5% in 2008 when the approach was undertaken).	10.7%. Women represented 30% of promotions to senior managers in 2014.	Develop the internal pool of women managers by attaining a percentage of women equal to or greater than the percentage of women who are not managers.
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.	Set up in each subsidiary a local system to monitor the application of the Global Framework Agreement.	274 action plans implemented in 99 subsidiaries in support of the Global Framework Agreement.	Assess the application of the Global Framework Agreement and reach 80% adoption of the agreement's 15 CSR commitments.

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

3.1. THE PATH OF SOCIAL DIALOGUE TO INVIGORATE THE NEW PSA SOCIAL CONTRACT

The human resources policy implemented in 2014 contributes in a socially responsible way to rebuilding the company's financial fundamentals in Europe and to taking into account all human dimensions of the Group's strategic vision. Thanks to a forward-looking, shared vision on the Group's strategy and the culture of social dialogue, at Group level, in each country and in each workplace, it involves a negotiated approach to managing employment. A PSA intergenerational contract helps manage the employment of older employees responsibly while preparing for the future by training young people to work in the automotive industry. Finally, it also links employee profit-sharing to the company's economic recovery through the redistribution of earnings in both base salary and incentive bonuses and through increasing employee's equity stake in the company.

A SYSTEM FOR MANAGING SOCIAL RELATIONS

Moreover, the Group actively supports employee freedom of association and representation and is committed to respecting the independence and pluralism of trade unions at all its sites. 98% of employees are represented by unions or by employee representatives.

Structured around six commitments, PSA Peugeot Citroën's employee relations policies are designed to support a harmonious working environment in every plant and facility. In particular, systems are in place to proactively foresee and manage the employee relations aspects of all of the developments that impact the Group, while strengthening social cohesion within the organisation.

The System for Managing Employee Relations	
1.	The PSA Peugeot Citroën 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

Organisation of the employee representative bodies is one of the fourteen requirements of the system for managing employee relations. Social dialogue is structured around a formal social agenda for each dialogue body. It is based on a calendar which makes it possible to anticipate and support changes. Monitoring of the application and assessments of Company agreements take place regularly in central and local committees.

3.1.1. THE GLOBAL FRAMEWORK AGREEMENT ON THE CSR

G.6 G.7 G.15 G.16 G.17 G.18 G.19 G.40 G.42

PSA Peugeot Citroën formalised its CSR commitment by signing up to the Global Compact in 2003. But 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 on 1 March 2006. In 2010, after four years of application, the Group renewed this agreement, dedicating a new chapter to safeguarding the environment and strengthening social commitment.

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. It also commits the Group to sharing its standards with its industrial partners, suppliers and independent dealers. This agreement is expressed in 15 commitments.

15 commitments of global framework agreement on PSA Peugeot Citroën'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 purpose of the Group's global framework agreement is to take all Group entities forward in terms of social responsibility. It applies to all Group companies (see section 3.6 Scope). It promotes consideration of society's increasing social and environmental requirements as regards companies through a monitoring and leadership initiative and implementing thorough action plans on a wide scale.

Characteristics of this agreement: Every year, each subsidiary defines its priorities for action and applies action plans to improve their ability to fulfil the agreement's commitments. In 2014, 264 action plans were defined in the 99 Group subsidiaries based in 33 countries on 4 continents.

Each subsidiary conducts a self-assessment of the application of the agreement every three years. The last assessment was done in 2012 and the next one will be conducted in 2015. In addition, an annual audit takes place (see section 3.6.2).

This continuous improvement process is being led jointly with unions or employee representatives, who are directly involved in implementing the action plans and the self-assessment process. In 2014, 90 trade unions or employee representative bodies issued an opinion on the action plans carried out and on the selection of new action plans made by their subsidiary. On average 81% of union organisations reached their objectives and 92% consider that the three levels of action plans selected by their subsidiary will improve the level of appropriation of the Global Framework Agreement.

Compliance with the Agreement is reviewed annually at a global level by the Group's Works Council expanded into a Global Council, in the presence of IndustriAll representatives.

THE EXTENDED EUROPEAN GROUP WORKS COUNCIL, REPRESENTING ALL EMPLOYEES

Set up in 1996, the European 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 2014, the European Works Council and its Liaison Committee of officers met 14 times. As every year, a review of the Global Framework Agreement's application was made at the plenary meeting.

EMPLOYEE REPRESENTATION IN CORPORATE GOVERNANCE

In anticipation of the enforcement of the French Employment ProtectionAct dated 14 June 2013, the Annual Shareholders' meeting of April 2013 appointed on a transitional basis an employee representative with an elected mandate as member of the Supervisory Board of PSA. Then, in 2014, the Group defined the terms and conditions for the appointment of an employee representative to the Supervisory Board. He was elected on 18 June 2014 by the Group European Works Council. A representative of employee shareholders also sits on the Supervisory Board.

THE JOINT UNION-MANAGEMENT STRATEGY COMMITTEE, SUPPORTING DIALOGUE AND DISCUSSION

This Committee is a body for dialogue and discussion allowing for 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". In addition to generally detailed topics, the product plan was shared with the Joint Union-Management Strategy Committee and the three-year Medium-Term Plan was unveiled, comprising the commercial strategy, preliminary projects and manufacturing strategy including forecasts of launches, volumes and jobs/skills. Likewise, the Joint Union-Management Strategy Committee meets if there is an important development from the Supervisory Board.

3.1.2. A NEW SOCIAL CONTRACT, HELPING REBUILD THE COMPANY'S FINANCIAL FUNDAMENTALS G.7 G4-11 G4-LA4

THE AGREEMENTS WORLDWIDE

In 2014, 132 company agreements were concluded, 70 of which were international. These agreements may concern one or more companies of the Group (Peugeot brand, Citroën brand, Banque PSA Finance, manufacturing plants, etc.).

Worldwide, 92% of Group employees are covered by a collective bargaining agreement. In cases where no collective bargaining agreement applies, social dialogue is usually pursued through the negotiation of company agreements.

An extensive negotiation cycle led to the signing, in France, by four out of six trade unions on 24 October 2013 of an agreement with a wide scope of application showing the ability to reconcile the Company's economic and social priorities. This "New Social Contract" focuses on four main aspects:

- greater involvement by employees and their representatives in the Group's strategic vision and in each department's and site's forward-looking projects;
- a new approach that secures jobs while carrying out collective transformations, particularly those targeting improvements in the utilisation rate of our plants;
- the implementation of a PSA Intergenerational Contract, combining job retention leave for older employees and hiring more than 2,000 young people under work-studies;
- competitiveness and flexibility measures, including the moderation of wage costs, without cutting the remuneration paid, in order to maintain strong bases in western Europe.

Following the signing of the "New Social Contract" on 24 October 2013, the contractual policy was actively and creatively pursued. Negotiations took place within the framework opened up by the New Social Contract (for example, an agreement on granting rest days to parents with a seriously ill child), to define local implementation arrangements (for example on work arrangements and flexibility) and on any topics to support transformation within the company or adapt existing arrangements.

Internationally, the agreements gave rise to a wide variety of content, taking into account the legal and contractual provisions and specific needs of each country. On the Iberian Peninsula, a classification agreement for Madrid creates new job integration and training procedures. In Vigo, a competitive agreement governs over five years the salary changes and performance bonuses and creates competitive conditions favourable to the launch of a new vehicle project. In Germany, agreements were signed on the variable compensation schemes associated with the sales results in the company-owned network and the quality of service in spare parts Logistics as well as on a system encouraging suggestions at the initiative of employees. Other agreements included provisions improving conditions for reintegrating employees after long-term disability. In Belgium, particular attention was paid to the employability of employees over the age of 45 was included in specific agreements. An agreement to promote a good work-life balance included provisions concerning teleworking. In Brazil and Argentina, the social dialogue led to entering into collective agreements on issues concerning wages and employment. The Kaluga plant in Russia updated its collective bargaining agreement by an amendment introducing in particular performance-based compensation and setting up a system supporting suggestions at the initiative of employees.

MINIMUM NOTICE PERIODS FOR CHANGES IN ORGANISATION

The company is seeking a social approach to the changes in activity and anticipation of the changes to professional and job profiles. In its Global Framework Agreement on corporate social responsibility, the Group "agrees, in case of change in activity, to ensure in due time the information and consultation with employee representatives". The provisions set forth by the law or by company agreements detail in each country the notice procedures and conditions for execution and compensation for collective work schedules. 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.

3.1.3. A PROJECT FOR THE GROUP'S HUMAN RESOURCES FOR THE MEDIUM-TERM G4-DMA

"The Excellent human resources of the New PSA" is the project that provides four priorities for the medium-term 2014-2016:

- Acting together to rebuild the company's financial fundamentals:

  Activating competitiveness drivers in the "New Social Contract", supporting reorganisations in Europe and strategic plans in high-growth areas are the main objectives of the Human Resources Department. This requires anticipation and provision of the necessary visibility through improved social dialogue to give employees job security and enable them to manage their career.
- Offering a positive social contract to which everyone can commit:

  Ensuring safety, health and well-being at work, providing a positive overall compensation policy, measuring and rewarding individual and collective performance, promoting individual development, boosting skills and employability, promoting diversity and ensuring equal opportunities.
- Breathing life into the "New PSA":

  Based on Company values: "Respect, Bravery, Responsibility and Continued Progress", the culture of the "New PSA" must be simpler, less compartmentalised and more efficient for its clients. To boost collective commitment, the "Team Connect" internal survey allows the Company to take stock, design action plans and improve management practices.

  The Group is working on developing "Employer Brand" both internally and externally. The PSA University and its organisation in skills families and professions is an asset designed to preserve and develop PSA's "automotive engineering expertise".
- Ensuring excellence of the HR Department and professionalism in its frames of reference and its principles:

  During times of economic and social difficulties, HR support is strengthened within a function led by the Corporate Human Resources Department, but which is decentralised to be close to employees and managers. Human Resources Business Partners (HRBP), occupational physicians, social workers, etc. build solid internal teams whose skills and service efficiency are developed on an international scale.

3.2. RESPONSIBLE EMPLOYMENT AND SKILLS MANAGEMENT G.34

To achieve its transformation plans, the company engages in ongoing dialogue with employee representatives and favours a contractual approach. Anticipating changes by the workforce and skills planning, a core 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 are framed in the "Back In the Race" project. It states that with a wage cost/revenue ratio of 14.5% in 2013, the Group was not profitable and not able to benefit from its skills. Based on the average ratio of 13.5% observed in the automotive industry, and of 11% among the best, the project sets a goal of less than 12% by 2016 in order to restore human capital profitability, preserve long-term employment and get a fair return on employees' work.
The challenge of increasing revenue against wage costs requires different types of adjustment that will be implemented via agreements with social partners to gain flexibility and competitiveness.
At the end of 2014, the result was 13.4%.

3.2.1. WAYS TO ADAPT RESOURCES TO THE COMPANY'S NEEDS G4-DMA G4-LA1 G4-10 G4-LA12

At the beginning of 2014 the restructuring plan was finalised for the Rennes (France) production centre, so that it could reach its objectives exclusively by voluntary measures. Regarding the Aulnay site, 2,619 internal and external reclassifications and retirements were carried out or finalised at the end of 2014, including more than 1,100 internal moves out of the 2,712 employees concerned by the Employment Safeguarding Plan (PSE). Moreover, the Jobs and Skills Reallocation Plan (PREC) concerning the Group's overhead staff enabled the voluntary departure or reclassification of more than 3,600 employees and was closed at the end of April 2014.

Beyond these movements and within a structural crisis of the European automotive market, the Group continued efforts to adjust employees positioned in professions with little or no growth. These adjustments were made within the "New Social Contract" which promotes safeguarding career paths.

SAFEGUARDING CAREER PATHS

The support for internal and external reclassifications is structured around Mobility and Career Development units (EMDP): set in the Group sites, they are designated welcoming areas, at the heart of job search support, Mobility and Career Development units (EMDP) are welcoming places, offering all together all the amenities of sharing information on employment (posters, catalogues of offers, videos, descriptions of current measures, etc.) and guarantees of confidentiality necessary for discussions. HR teams and managers constantly staff these areas.

Priority is given to internal mobility. This policy is based on organising numerous forums in EMDPs, assisting redeployment through training on the internal "Top Competences" programme, and improving support for geographical mobility, in particular by helping the spouses of redeployed personnel find work. A PSA initiative, this training programme benefited 965 people who completed a "Top Compétences" module in 2014, taking on average 88 hours. 85% of the training given under this arrangement was in France and 15% in other European countries. 26% were operators, 34% were administrative employees, technicians and supervisors (TAM) and 40% were managers.

Safeguarding career paths also uses the innovative solutions formulated by the New Social Contract:

- probationary mobility period under the Jobs and Skills Alignment Plan to allow outplacement candidates to return until the end of their trial period with a new employer;
- secure mobility periods under human resources planning and development initiatives, allowing outplacement candidates to return to PSA for up to two years after starting a new job;
- career transition passport under Territorial Career Mobility and Transition Platforms.

TERRITORIAL CAREER MOBILITY AND TRANSITION PLATFORMS

An illustration of PSA's responsible employment management, these platforms organise the safeguarding of career paths at the regional level. Set up in PSA Peugeot Citroën's five French host regions (Alsace, Brittany, Franche-Comté, Île-de-France, Nord-Pas-de-Calais) with government support, these platforms are based on partnerships forged with companies of all sizes that are hiring, 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. 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.

THE PSA INTERGENERATIONAL CONTRACT: JOB RETENTION LEAVES FOR OLDER EMPLOYEES AND THE HIRING OF YOUNG PEOPLE

Safeguarding career paths is at the core of the PSA intergenerational contract, that provides for retaining older employees while hiring young people: for each older employee retained in a job, a young person will be hired between 2014 and 2016, particularly via work-study contracts and apprenticeships.

For older employees, the Group has drawn up a scheme in France that combines keeping people in employment and gradually preparing employees for retirement. This scheme is aimed at employees who qualify to retire at the full social security rate within two years. This period may be extended to three years for employees who have been in long-term physically demanding positions during their career. For employees at tertiary or R&D sites, it allows successive combination of a period of working only half the usual hours, followed by a period of exemption from all work, on an equal basis for the period remaining until retirement. On manufacturing sites, employees are exempt from professional activity on the job during the entire period. This time can be used to mentor young people, or for external support assignments to SMEs, etc. Partial maintenance of compensation is ensured. These provisions ensure that employees maintain their employment contracts until they are able to claim their pension, while allowing them to gradually reduce the amount of work that they do. At the end of 2014, 2,580 employees have already undertaken voluntary leave with senior job retention..

At the same time, the Group agrees to hire an equivalent number of young people on work-study contracts. The main vehicle for these hirings is the apprenticeship contract, a contract with which the Group has plenty of experience and which effectively combines preparation for a diploma with training at the Company. In addition, international corporate volunteering contracts (VIE), skill-acquisition contracts, and industrial training agreements by research (CIFRE) will be entered into to meet the needs of the Group and the pre-requisites for the courses taken by the young people. In 2014, 1,050 young people were hired through these work-study contracts. These hirings will be adjusted in 2015 to take into consideration the difference with all senior job retention leaves recorded in 2014. Finally, preference will be given to apprentices or former apprentices for the targeted hirings that the Group will make under permanent contracts. In 2014, 58% of junior hirings in permanent contracts related to these groups.

A COMMITMENT TO REINDUSTRIALISATION

The Group pays close attention to the regions where its sites are located. Relationships are made with local authorities and all the economic, social and academic bodies in order to promote local resources and development. At a number of its longest-running sites, the Group takes particular care about the impacts on the region of the industrial transformations that it is carrying out.

For example, to use and benefit from under-used work areas on the Rennes site (France), the prospect of new manufacturing activities resulted in the creation by the SNCF of a restoration workshop for high-speed trains, or by the company Ecodesign of a construction workshop for modular housing recycling shipping containers. These activities, creating jobs and innovation, are based on PSA's know-how. Also in Rennes, Excelcar, an R&D company created by PSA and supported by the local Brittany authorities under the reindustrialisation of the site, is a centre for bodyshop excellence and tools development for the automotive industry.

The Group thus reaffirms its desire to ensure industrial continuity at the sites it operates, as well as its commitment to safeguarding jobs and skills in the automotive industry, and in the industries of the future in general.

THE GROUP'S WORKFORCE

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS OVER SIX YEARS BY DIVISION G.1A

(At 31 December)

	2009	2010	2011	2012	2013	2014
Automotive Division	121,365	120,880	122,879	119,783	111,228	103,894
Other businesses	3,455	3,770	3,857	3,679	3,661	3,510
TOTAL	**124,820**	**124,650**	**126,736**	**123,462**	**114,889**	**107,404**

Between 2014 and 2013, the number of Group employees on permanent or fixed-term contracts fell by 7,485.

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

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	70,044	24,986	8,864	103,894
Other businesses	1,664	1,650	196	3,510
TOTAL	**71,708**	**26,636**	**9,060**	**107,404**

At 31 December 2014, there were 107,404 employees in the Group: 102,950 on permanent contracts (96% of the workforce) and 4,454 on fixed-term contracts. Today, 33% of employees work outside France, including 25% in other European countries and 8% in the rest of the world.

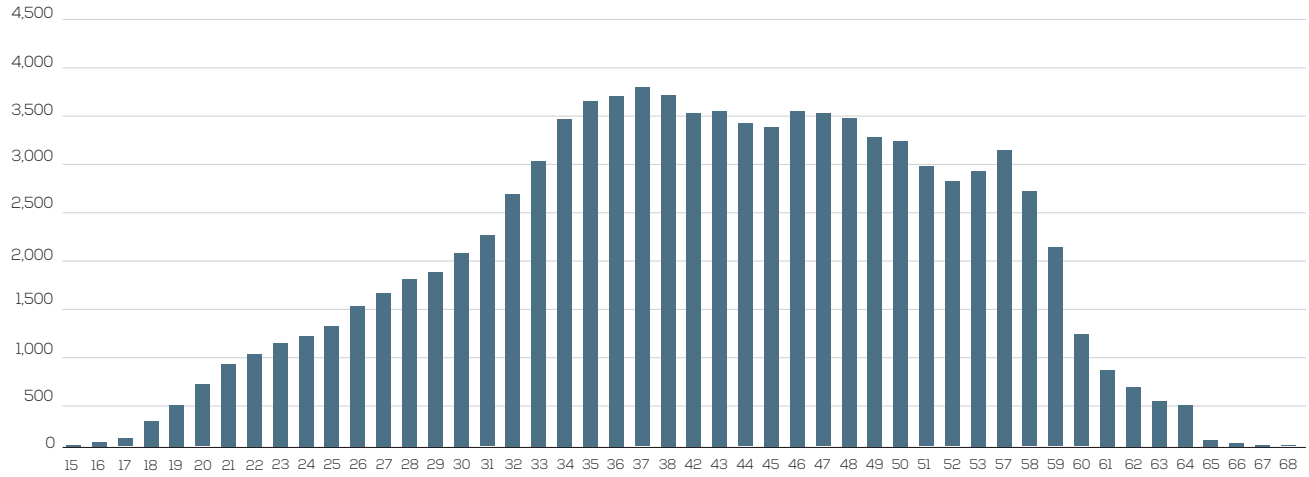
BREAKDOWN OF EMPLOYEES ON PERMANENT AND FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY

(At 31 December)

	Operators and administrative employees	Technicians and supervisors	Managers
TOTAL	**57,271**	**28,555**	**21,578**
In %	53%	27%	20%

AGE PYRAMID G.1C

(Number of employees under permanent contracts and fixed-term contracts, at 31 December)



BREAKDOWN OF PERMANENT CONTRACTS AND FIXED-TERM CONTRACTS BY GENDER

(At 31 December)

	France		Europe excl. France		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	11,775	58,269	5,741	19,245	1,556	7,308	19,072	84,822
Other	762	902	847	803	97	99	1,706	1,804
TOTAL	**12,537**	**59,171**	**6,588**	**20,048**	**1,653**	**7,407**	**20,778**	**86,626**

NET JOBS CREATED, 2012-2014
(At 31 December)

	Workforce at 12/31/2012	2012-2014 Acquisition/Disposals Balance	Net jobs created	Workforce at 12/31/2014
Rest of Europe	30,356	(73)	(3,647)	26,636
Africa	324		(28)	296
North and Central America	85	(8)	(9)	68
South America	10,814		(3,505)	7,309
Asia and the Middle East	1,540		(153)	1,387
Worldwide except France	43,119	(81)	(7,342)	35,696
France	80,343	2,795	(11,430)	71,708
TOTAL WORLDWIDE	**123,462**	**2,714**	**(18,772)**	**107,404**

Over the 2012-2014 period the net multi-year jobs balance was negative. A total of 16,058 jobs were reduced over this period, alongside the economic reconstruction plan in Europe and Latin America. In Latin America the 34% drop of automotive production recorded in 2014 brought with it a resizing of manufacturing capacities in Brazil and Argentina. In those two countries, measures were negotiated to promote departures from the company. For example, in Brazil an innovative training programme was offered to prepare people for reassignment, along with the creation of small manufacturing and service companies meeting the region's needs.

CHANGES IN THE DEPARTURE RATE FOR PERMANENT CONTRACTS
(At 31 December)

	2012	2013	2014*
Leavers rate	8.4%	10.0%	12.0%

* *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 leavers: retirement, death, etc.) to the total Group workforce on permanent contracts at 31 December of the year.

LEAVERS RATE FROM PERMANENT CONTRACTS BY AGE RANGE, GENDER AND REGION
(At 31 December)

	< 30		30-39		40-49		>= 50		Total		Total (M+F)
	F	M	F	M	F	M	F	M	F	M	
France	14.9%	14.8%	6.4%	7.1%	4.3%	3.7%	12.8%	14.4%	8.5%	8.9%	8.9%
Rest of Europe	18.3%	21.8%	8.1%	8.2%	8.0%	7.4%	15.3%	18.2%	10.4%	11.8%	11.5%
Rest of the world	36.1%	66.7%	23.9%	41.3%	21.4%	26.5%	22.6%	30.2%	26.8%	41.0%	38.4%
TOTAL	**21.5%**	**29.5%**	**9.2%**	**11.9%**	**6.2%**	**6.0%**	**13.4%**	**15.7%**	**10.6%**	**12.4%**	**12.0%**

LEAVERS FROM PERMANENT CONTRACTS BY AGE RANGE AND GENDER G.2B

(At 31 December)

	< 30		30-39		40-49		>= 50		Total	
	F	M	F	M	F	M	F	M	F	M
Resignations	290	1,359	330	1,743	143	704	46	357	809	4,163
Dismissals	33	132	75	274	51	227	84	463	243	1,096
Redundancies	47	133	154	631	137	552	326	1,621	664	2,937
Other departures: expiration of fixed-term contract, retirement, death, etc.	20	68	28	133	36	164	249	1,778	333	2,143
TOTAL	**390**	**1,692**	**587**	**2,781**	**367**	**1,647**	**705**	**4,219**	**2,049**	**10,339**

In 2014, 12,388 employees on permanent contracts left the Group.

BREAKDOWN OF LEAVERS UNDER PERMANENT CONTRACTS BY REGION

(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Resignations	634	1,183	3,155	4,972
Dismissals	646	616	77	1,339
Redundancies	3,249	253	99	3,601
Retirement, death or other	1,640	762	74	2,476
TOTAL	**6,169**	**2,814**	**3,405**	**12,388**
Separation rate	8.9%	11.5%	38.4%	12.0%

RESIGNATIONS WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**611**	**1,106**	**3,054**	**4,771**
	2013	687	1,281	1,595	3,563
	2012	1,319	1,149	579	3,047
Other businesses	**2014**	**23**	**77**	**101**	**201**
	2013	37	79	26	142
	2012	77	62	0	139
TOTAL	**2014**	**634**	**1,183**	**3,155**	**4,972**
	2013	724	1,360	1,621	3,705
	2012	1,396	1,211	579	3,186

The number of resignations recorded in 2014 was 4.8% of the workforce on permanent contracts, versus 3.4% in 2013 (at constant scope).

INDIVIDUAL DISMISSALS AT THE EMPLOYER'S INITIATIVE WITHIN PERMANENT CONTRACTS

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**636**	**590**	**76**	**1,302**
	2013	721	458	126	1,305
	2012	570	528	777	1,875
Other businesses	**2014**	**10**	**26**	**1**	**37**
	2013	13	24	2	39
	2012	15	11	2	28
TOTAL	**2014**	**646**	**616**	**77**	**1,339**
	2013	734	482	128	1,344
	2012	585	539	779	1,903

The data concerns all individual dismissals from permanent contracts, including departures associated with incapacity, disability or for personal reasons.

OTHER DEPARTURES FROM PERMANENT CONTRACTS
(At 31 December)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	1,598	733	73	2,404
Other businesses	42	29	1	72
TOTAL	**1,640**	**762**	**74**	**2,476**

DISMISSALS OR REDUNDANCIES FROM PERMANENT CONTRACTS
(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**3,237**	**251**	**91**	**3,579**
	2013	3,450	277	1	3,728
	2012	1,815	450	0	2,265
Other businesses	**2014**	**12**	**2**	**8**	**22**
	2013	93	3	0	96
	2012	9	12	0	21
TOTAL	**2014**	**3,249**	**253**	**99**	**3,601**
	2013	3,543	280	1	3,824
	2012	1,824	462	0	2,286

3.2.2. ATTRACTING AND RETAINING TALENT

The Group continues hiring "rare" profiles or experts in France, while decreasing fixed costs. To that end, actions promoting proximity and discussion took place among young people and teaching staff, using a network of very active and motivated "campus partners". This involved participation in forums, organising visits to Group sites, participation in teaching within target higher education partner establishments and placements within the Company for lecturers.

The Group strengthened its social media presence to create greater proximity with its hiring targets (young graduates and students). This strategy is an attempt to increase the Group's visibility, display its diverse range of professions and the range of entry points for young people (placements, apprenticeships, international corporate volunteering programmes) and career opportunities.

For the Group, fighting gender stereotypes and opening up the Company to the diversity of candidates should be included in career guidance from a very young age. In partnership with the "Elles bougent" association, and with the help of an in-house female sponsor network, the Group has improved its actions to communicate with and support young women interested in technical careers. Examples include a competition which was organised to select the best project on the theme "Imagine the car of 2050".

STRATEGIC PARTNERSHIP WITH ACADEMIC INSTITUTIONS

PSA University has joined forces with internationally reputed colleges (in engineering, business and the humanities, etc.) to attract a diverse range of talent. 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 (in particular, the "StelLabs" programme), and teaching or research chairs.

The University currently partners 30 colleges worldwide. The Group has partnerships in Brazil (São Paulo and Rio Universities), in China (Peking and Shanghai Universities) and in the United States (with Georgia Tech in Atlanta).

Faced with economic, technological, environmental and societal challenges to which the automotive industry must constantly adapt, our partnerships, mainly in the area of research into future technologies, are the main ways to promote scientific exchange between lecturers-researchers, the Group's engineers and the students from the thirty science, technology or management higher education institutions on three continents (Europe, Asia, America) who are offered placements or study for their degrees and doctorates within the Group's sites or laboratories.

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS G.2A

(At 31 December, including going from fixed-term to permanent contracts)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**453**	**480**	**243**	**1,176**
	2013	450	847	1,082	2,379
	2012	1,140	3,703	1,233	6,076
Including PCA France	*2014*	*88*	*0*	*0*	*88*
	2013	52	0	0	52
	2012	552	0	0	552
Other businesses	**2014**	**23**	**28**	**12**	**63**
	2013	13	72	199	284
	2012	64	107	21	192
TOTAL	**2014**	**476**	**508**	**255**	**1,239**
	2013	463	919	1,281	2,663
	2012	1,204	3,810	1,254	6,268

In 2014, the Group hired 1,239 employees. 62% of these hirings were for the Group's international business.

22.4% of hirings to permanent contracts were women.

EMPLOYEES HIRED ON 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	114	253	86	107	324	49	18	160	65	239	737	200
Other businesses	0	10	13	0	21	7	0	11	1	0	42	21
TOTAL	**114**	**263**	**99**	**107**	**345**	**56**	**18**	**171**	**66**	**239**	**779**	**221**

19% of permanent contract hirings were for operators and administrative employees, 63% were technicians and supervisors and 18% were managers.

The percentage of permanent contract hirings (permanent contract hirings/total permanent contract workforce) was 1.2% in 2014.

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	2,006	1,321	211	3,538
Other businesses	100	84	8	192
TOTAL	**2,106**	**1,405**	**219**	**3,730**

In 2014, 34.7% of hirings to fixed-term contracts were women.

85.6% of fixed term contract hirings were for operators and administrative employees, 13.5% were technicians and supervisors and 0.9% were managers.

3.2.3. A SOCIALLY CONTROLLED POLICY OF HIRING TEMPORARY EMPLOYEES AND SUBCONTRACTORS HIRING

At PSA Peugeot Citroën's initiative, a charter concerning working conditions for temporary employees mutually binds the company and temporary agencies to respect standards and best practices. This 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. This charter guarantees temporary employees similar employment conditions to those of the Group's employees and free from any form of discrimination.

TEMPORARY EMPLOYEES
(average annual numbers)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**2,916**	**807**	**45**	**3,768**
	2013	3,112	748	132	3,992
	2012	5,139	752	71	5,963
Other businesses	**2014**	**52**	**34**	**-**	**86**
	2013	59	31	-	90
	2012	41	36	-	77
TOTAL	**2014**	**2,968**	**841**	**45**	**3,854**
	2013	3,172	779	132	4,082
	2012	5,180	788	71	6,040

In 2014, 21 employees (i.e. 2% of hirings on permanent contracts) were hired on permanent contracts after having previously been on temporary assignment. 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 OUTSIDE COMPANIES WORKING ON THE SITES
(At 31 December, in full-time equivalent)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**3,440**	**455**	**508**	**4,403**
	2013	3,356	595	480	4,431
	2012	7,262	2,114	386	9,762
Other businesses	**2014**	**26**	**51**	**0**	**77**
	2013	53	50	0	103
	2012	136	94	0	230
TOTAL	**2014**	**3,466**	**506**	**508**	**4,480**
	2013	3,409	645	480	4,534
	2012	7,398	2,208	386	9,992

Staff from outside companies made available to the Group under service provider contracts signed with the Purchasing Department are recorded. The main activities resulting in these intellectual services are R&D engineering and IT.

A subcontractor policy for R&D engineering was defined and sent to the relevant parties. The Group committed in the "New Social Contract" to perform 75% of its R&D in France and not to subcontract more than 20%.

The subcontractor policy aims to access specific skills that may not be available and allows for flexibility in the overall expenses essential to the performance and shortening of R&D processes. A reduced panel of Core Engineering Suppliers was defined, which promotes setting up Service Centres where batches are processed according to the best defined processes and giving even more visibility for the medium-term. Since 2014, an increasing proportion of these activities have been conducted outside the Group's infrastructures.

3.2.4. SUPPORTING THE GROUP'S GLOBALISATION G4-EC6

35,696 women and men worked outside France in 33 countries. The Group gives priority to local skills: 93.7% of the Group's managers who work internationally are local citizens.

In support of internationalising management, specific effort is devoted to integrating new locally hired managers. The objective of this integration effort is for these managers to better understand the functioning of the Group and to teach them the company's managerial foundations.

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.

In 2014, 590 women and men worked as expatriates in 40 countries for an average of 36 months. 74 employees are on assignment in France, the second country of expatriation after China. 178 employees are on assignment in Europe outside France and 338 employees outside Europe.

To manage employees international mobility and thus increase the Group's internationalisation, a "Hub" located in Geneva has been set up: Peugeot Citroën Gestion International, a subsidiary of the Group, which ensures employment contracts offering the best guarantees.

Based on the manufacturing programmes and needs, the Group also has on average more than 300 employees on international missions, in particular on manufacturing sites. It involves participating in various product launches by improving local skills with the support of expertise.

NATIONALITY OF THE SENIOR MANAGERS

(At 31 December)

Nationality	Total (in numbers)
French	551
Spanish	22
German	11
Belgian	10
English	7
Italian	7
Chinese	7
Argentinian	5
Brazilian	4
Portuguese	4
Swiss	4
Dutch	3
Polish	3
American	2
Russian	2
Danish	1
Moroccan	1
Lebanese	1
Romanian	1
Croatian	1
Japanese	1
Slovak	1
TOTAL	**649**

3.2.5. ORGANISATION OF WORKING HOURS G.4

In every host country, working hours are consistently equal to or less than the legal work week or industry practices.

STEPS TO PRESERVE EMPLOYMENT

Use of short-time work can be an alternative to unemployment and redundancies. In 2013, it was an important vehicle for the Group to avoid job losses during a period of recession in the European automotive market, 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
(At 31 December)

		Total
Automotive	**2014**	**4,172,246**
	2013	5,734,951
	2012	7,093,162
Other businesses	**2014**	**11,196**
	2013	0
	2012	15,487
TOTAL	**2014**	**4,183,442**
	2013	5,734,951
	2012	7,108,649

Thus, short-time working hours in 2014 in France represented the equivalent of 1,800 jobs saved (number of short-time working hours applied to an annual average of 1,607 hours).

NUMBER OF PART-TIME EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS
(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**2,378**	**5,619**	**1**	**7,998**
	2013	2,275	6,696	2	8,973
	2012	2,349	6,966	6	9,321
Other businesses	**2014**	**118**	**274**	**0**	**392**
	2013	90	301	0	391
	2012	93	314	0	407
TOTAL	**2014**	**2,496**	**5,893**	**1**	**8,390**
	2013	2,365	6,997	2	9,364
	2012	2,442	7,280	6	9,728

At 31 December 2014, the Group had 8,390 part-time employees worldwide (2,248 half-time); 39% of these were women and 61% were men.

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. Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time contracts are chosen by employees and not dictated by the Group.

MATERNITY, PATERNITY AND PARENTAL LEAVE

Maternity and paternity leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods in each country.

Parental leave enables employees in certain countries to take time off work to raise their young children.

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	491	349	312	1,152	1,698	482	378	2,558	484	118	85	687
Other businesses	0	82	17	99	5	31	12	48	0	65	15	80
TOTAL	**491**	**431**	**329**	**1,251**	**1,703**	**513**	**390**	**2,606**	**484**	**183**	**100**	**767**

SPECIFIC WORK SCHEDULES

(At 31 December)

		France			Rest of Europe			Rest of the world			Total		
		2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Automotive Division	Two-shifts	28,040	25,438	22,309	8,120	8,668	7,654	1,903	4,818	14	38,063	38,924	29,977
	Three-shifts or night work	6,552	5,851	6,096	3,621	3,668	3,033	971	881	94	11,144	10,400	9,223
	Weekends	0	7	74	73	326	47	9	26	5	82	359	126
Other businesses	Two-shifts	225	67	52	0	0	0	0	0	0	225	67	52
	Three-shifts or night work										0	0	0
	Weekends										0	0	0
TOTAL	Two-shifts	28,265	25,505	22,361	8,120	8,668	7,654	1,903	4,818	14	38,288	38,991	30,029
	Three-shifts or night work	6,552	5,851	6,096	3,621	3,668	3,033	971	881	94	11,144	10,400	9,223
	Weekends	0	7	74	73	326	47	9	26	5	82	359	126

In 2014, 39,378 employees worked specific work schedules.

OVERTIME

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**293,847**	**603,014**	**288,697**	**1,185,558**
	2013	305,388	751,877	1,036,474	2,093,739
	2012	376,681	697,341	588,819	1,662,841
Other businesses	**2014**	**17,002**	**11,994**	**4,136**	**33,132**
	2013	18,974	16,717	1,012	36,703
	2012	23,676	36,143	0	59,819
TOTAL	**2014**	**310,849**	**615,008**	**292,833**	**1,218,690**
	2013	324,362	768,594	1,037,486	2,130,442
	2012	400,357	733,484	588,819	1,722,660

In most countries, working hours are determined on an annual or multi-year basis.

In 2014, overtime accounted for about 9% of hours worked in the Group.

HOURS OF PAID ABSENCES EXCLUDING TIME OFF G.5

(At 31 December)

		France		Rest of Europe		Rest of the world		Total	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive	**2014**	**2,909,390**	**394,721**	**1,298,668**	**675,923**	**540,303**	**586,156**	**4,748,361**	**1,656,800**
	2013	4,044,384	747,448	1,299,807	968,414	783,307	161,205	6,127,498	1,877,067
	2012	3,847,250	1,361,035	1,359,880	598,152	526,339	207,497	5,733,469	2,166,684
Other businesses	**2014**	**54,573**	**12,942**	**75,027**	**51,214**	**2,609**	**3,203**	**132,209**	**67,359**
	2013	54,687	16,382	83,096	53,104	1,367	3,371	139,150	72,857
	2012	59,540	12,949	75,429	73,606	1,211	2,124	136,180	88,679
TOTAL	**2014**	**2,963,964**	**407,663**	**1,373,695**	**727,137**	**542,912**	**589,359**	**4,880,571**	**1,724,159**
	2013	4,099,071	763,830	1,382,903	1,021,518	784,674	164,576	6,266,648	1,949,924
	2012	3,906,790	1,373,985	1,435,309	671,758	527,550	209,621	5,869,649	2,255,364

In total, there were 6,604,730 hours of paid absences excluding time off, including 4,880,571 hours of sick leave, 541,316 hours of maternity leave, 278,503 hours of paid absence due to accidents and 904,340 hours of paid absence for other reasons.

In 2014, out of 134.8 million hours worked, the rate of absenteeism (sick leave and other paid leave) was around 4.9%. The rate of sick leave was 3.6%.

3.3. DEVELOPING TALENT AND CULTIVATING AUTOMOTIVE EXPERTISE

Growing its automotive expertise and developing a culture of leadership and performance are assets for PSA. The Group's future will be built on its human resources through characteristic initiatives. First comes organisation according to job families and professions. With PSA University, this approach cultivates skills and automotive expertise within PSA. Next, leadership development already helps attract and retain new talent and identify future leaders. Finally, the focus on results helps drive the Group's cultural transformation.

The Group's globalisation has resulted in increased talent and skills, in all their diversity, with ever more international teams and managers and HR processes that are increasingly global.

3.3.1. THE HUMAN RESOURCES DEVELOPMENT POLICY G.11A G4-DMA

The human resources development policy, which was 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 internationalisation by building employee loyalty and attracting the best talent;
- deliver professional training to employees, bringing them to the highest skill levels;
- support employees during change.

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 systems are: career plans, developing managerial skills, supporting employees, the annual appraisal, the Talent Review, qualifying career paths, the training offer, training certification, internal mobility, the Group's employment plan.

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

A CORE COMPONENT: MANAGEMENT BY JOB FAMILIES AND PROFESSIONS

The job families and professions approach developed by the Group is central to PSA Peugeot Citroën's human resources development policy in the medium and long terms. It identifies career paths leading employees from their current position to the jobs of tomorrow.

Job families are cross-functional skills communities that encompass all the professions focused on the same ultimate work objective. The 21 job families map out the 110 Group professions. From these follow skills development programmes, skills acquisition procedures, career paths leading to qualifications and their associated links between professions and business lines, mobility and guidance on expertise. As a guarantee of excellence, all professional training courses are certified by PSA Peugeot Citroën University according to a structured audit process.

The job family process helps employees set career objectives and prepare for mobility, while enabling managers to provide effective support. It allows the Group to foresee strategic changes in the skills base, identify the capabilities it will need in the future and anticipate transitions. By building on job families and professions, the Group demonstrates its ability to retain and grow its automotive expertise.

3.3.2. DEVELOPING TALENT G.11B G4-LA10

The human resources development policy is implemented via the following processes and tools:

3.3.2.1. THE TALENT REVIEW

Combining the Career Committee and succession plan processes, the Talent Review helps:

- build more robust development options, a proposed mobility date and a career forecast explicitly linked to succession plans;
- detect and develop talent earlier in the employee's career, by setting up talent pools for employees with excellent performance and strong growth potential.

Strengthened by its global network of 200 Human Resources Business Partners (HRBPs), the Group performs the Talent Review process globally every year as a proactive exercise to manage individual employment, and identify and develop talent. Managers, accompanied by their HRBP, draw up a five to seven-year career plan and career forecast for each employee, based on an assessment of the employee's potential and performance. This career forecast gives an indication of career progression over the medium term.

This information collected from each manager is shared by the HRBPs and submitted to a managerial panel, the Talent Review. This bottom-up process also identifies talent with high potential that are examined in more detail at the Talent Review.

Finally, the Talent Review is used to draw up succession plans for strategic positions and skills (Top 800, master-experts and experts and other key positions). Potential internal successors can be suggested and considered immediately for each position (ready now principle), or over the medium (2-4 years) or long term (5-7 years).

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.

Particular emphasis was also placed on accelerating the development of high-potential managers in their first management position with career path validation in two stages over seven years.

Talent Management also involves enhanced individual and collective assessment and support approaches: 360°, Assessment Centre, a development programme exclusively aimed at our high-potential managers ("Advanced Executive programme") backed up by mentoring, coaching and collaboration initiatives on top of the management school offering.

3.3.2.2. TARGETED DEVELOPMENT TOOLS TO HELP DEVELOP TALENT AND LEADERSHIP

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° system around a behavioural skills referential, 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.

360° Development: since 2011, over 1,250 executive managers, senior managers and managers have benefited from this system. It is built around the Group's behavioural skills referential (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 via a specific personal development plan. It makes it possible to boost skills effectively and simply and to support managers in their responsibilities. In addition, it strengthens the Company values of personal commitment, cross-functionality and value creation.

Mentoring: in 2014, the programme started in 2013 was expanded with 70 new Mentee-Mentor duos in all the Group's France Divisions, for a cumulative total of 130 duos. The mentor introduces the mentee, helps him understand the working environment and culture, identifies the unwritten rules, shares his experiences, tests and supports him. The duos are supported by 15 "mentoring facilitators". These HR professionals were trained in the mentoring system to assist the duos and guarantee compliance with this approach. Twelve mentoring facilitators outside France were also trained for the implementation of mentoring internationally.

Co-Development: in 2014, around fifty of the Group's managers participated in a co-development programme. A co-development workshop has around eight participants and a specially-trained coach, usually an in-house coach. A co-development process is spread out over about eight months in one co-development session of four hours per month. It uses a demanding group process so that participants can not only discuss problematic work situations, but also, crucially, learn from others. The results of these co-development workshops have been very positive, and reinforce the support for new forms of collaborative and cooperative working.

The network of in-house coaches: the Group has opted to rely heavily on in-house professionals for the development and support of its managers and talent. Since 2012, a network of 10 in-house coaches has been set up, brought together by a dedicated ethics code and a tripartite agreement between Human Resources, the coaches and their department. They spend part of their working time on individual coaching services, team coachings and co-development workshops.

3.3.2.3. EMPLOYEE COMMITMENT AND MOTIVATION

Launched in September 2013, "Team Connect" is an in-house survey to gain a deeper insight into employee commitment in order to draw up specific, targeted action plans. Based on a shared methodology for all activity sectors or sites/countries where PSA operates, the questions explore a number of dimensions relating to employee motivation and perception of their working environment: strategy, confidence, quality and customer care, respect and recognition, development opportunities, employee benefits, corporate social responsibility, performance evaluation, authority and increasing responsibility, resources, training, cooperation, structure and process and direct supervision, etc. This survey was conducted in all companies outside France (excluding joint ventures) and, in France, over the entire Banque PSA Finance. The scope covers all employees (operators, technicians, supervisors and managers). In all, over 40,000 employees in 33 countries were given the opportunity to give their opinion to the Group.

Around 700 managers received a results report on their team's situation. "Team Connect action reviews" were set up to support personnel and share best practice, with regular communication to report on initiatives undertaken following the first survey ("Implementing Your Opinion"). In parallel, the Group has committed to enhancing discussions and actions over the medium term to help improve motivation for more cross-sector issues that do not fall exclusively under management initiatives (confidence in the Group's future, collective work agreements, positive HR contract, etc.).

After this first outing, Team Connect was conducted again in November 2014 to assess developments and support the initiatives implemented. The participation rate in this second outing was 81%, up 3 points. Team Connect is now an appropriate measurement tool used by managers to improve practices and help transform the Group.

3.3.3. PSA UNIVERSITY: ACQUIRING SKILLS G.11 G.12 G6-DMA G4-LA9 G4-LA10

THE PURPOSE OF PSA UNIVERSITY G.11A G.11B

PSA University's purpose is to relay knowledge, know-how and behaviours which reflect the Group's values, strategy and vision all over the world. Since it was founded in 2010, the University has introduced a variety of curricula designed to fulfil this mission by guaranteeing employees the tools to acquire excellent general, technical and managerial skills.

The PSA University is based on the job families and professions approach described above (see section 3.3.1). An important certification process for the courses has been implemented. Committees work on forward-planning of skills and supporting projects, evaluate training offers and scale the volume of training needs. This approach guarantees the completeness, relevance with regard to the needs and the international implementation of the training courses.

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 employees in their jobs.

NUMBER OF HOURS OF TRAINING BY REGION G.12
(At 31 December)

	Total hours of training *(in thousands of hours)*		Average number of training hours per employee *(based on the total workforce at 31 December)*	
	2013	2014	2013	2014
France	1,279	1,534	16.7	21.4
Rest of Europe	637	543	21.9	20.4
Rest of the world	214	266	17.5	29.4
TOTAL	**2,130**	**2,343**	**18.1**	**21.8**

The average number of training hours per employee was 21.8 hours in 2014. 73,281 employees received at least one training course during the year. This represents a 68.2% access rate to training.

AVERAGE HOURS OF TRAINING PER EMPLOYEE, BY SOCIO-PROFESSIONAL CATEGORY AND GENDER, BASED ON THE TOTAL WORKFORCE AT 31 DECEMBER G.12
(At 31 December)

	Women	Men	Total
Operators and administrative employees	25.2	26.1	26.0
Technicians and supervisors	11.3	18.3	16.4
Managers	17.4	18.0	17.9
AVERAGE	**18.3**	**22.7**	**21.8**

More than 2.3 million hours of training were given within the Group, face-to-face or e-learning within hybrids or tutorials. It represents an investment of over 86 million euros.

The University is committed to making its training more innovative, more global and more accessible through e-learning. This remote learning technology via the Internet 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.

The success of remote training has been proven (over 31,000 totally or partially remote training sessions took place in 2014), particularly on basic finance and business administration, electricians' certification,

languages, an awareness-raising programme on intercultural awareness and training in office IT tools. There are now over 1,000 e-learning references in the University's training catalogue.

To achieve the Group's ambition to become a global player, PSA University has an innovative range of online training modules for learning seven different languages in particular on its intranet, CAMPUS WEB. 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, 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, PROMOTING EXCELLENCE IN LOCAL MANAGEMENT

Part of the University, the management school offers a range of training modules to meet the requirements of the Group's situation and the urgent needs of managers. Developing leadership and change management are integral parts of the management training.

Since 2013, PSA University launched a range of 16 e-learning modules on management skills and day-to-day efficiency.

The range of face-to-face training opportunities available in 2014:

- the "Advanced Executive Programme" (AEP) involved 60 managers identified as "high-potential" in the Group;
- the "Manager Leader" programme, based on personal development, was directed at 286 "managers of managers";
- the "Managing in Challenging Times" programme (Be successful against contradictions in unstable environment): this programme is for new managers and all those in a difficult environment, for whom a simple pragmatic approach would build confidence and provide the resources to solve day-to-day managerial issues.

  In 2014, 25 sessions of this programme were organised in France, 2 in Argentina, 3 in Brazil, 1 in China, 2 in the UK, 1 in Germany and 1 in Belgium, for a total of 680 persons;
- the "Leading my basic production unit" programme: this four-week training course is aimed at new manufacturing unit managers (RUs), Group managers (RGs) and floor managers and is intended to provide skills and basic mastery of the profession and the tools necessary to manage a basic production unit (UEP). In 2014, close to 170 employees, half of whom were outside France, took this programme;
- this system has been supplemented by "Manager 20.20", an innovative active learning programme, that brings together managers at every level and with various experience to create collective momentum. Aimed at developing collective intelligence and emulating a collaborative spirit in the workplace, about 900 managers were involved in this programme, in 2014.

A UNIVERSITY FOR RETAINING THE GROUP'S EMPLOYEES

"Top Compétences" was launched in 2012 and is a system to promote internal mobility, designed to better meet the Group's competitiveness and skills reallocation needs. Aimed at all socio-professional categories in the Group, it has opened up new opportunities for career reconversion thanks to an increased emphasis on individual training; over 2,000 employees have benefited from the opportunity to learn a new profession within the Group. Since 2012, over 160,000 training hours, evenly distributed between operators, technicians, supervisors, engineers and managers, have been provided under this scheme. There is a dedicated budget to finance the training necessary for career reconversion within the Group.

The Company also believes it is its corporate responsibility to include employees with no initial training and provide basic training. Thus, to support employees who are struggling the most in dealing with their career changes, the University has entered into a partnership with the French Adult Professional Training association (AFPA). A programme to improve general education has also been rolled out, lasting between 70 hours and 280 hours.

Finally, to meet the needs of employees interested in external mobility, several initiatives were taken. A support system via training of employees with an individual career reconversion plan has been built up, based on the skills of a nationwide training provider.

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 used systematically. 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 recipient 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, the PSA University uses a system to certify its training. The job families committees and specialists together grant the certification based on a system of evaluating skills within the profession.

Training is thus linked to the 110 Group professions. In coordination with all the professional referents, the PSA University helps formalise the frame of reference for technical skills and builds the associated training courses. Certification on the basis of an audit assesses five criteria to certify the maturity and consistency of the courses.

By the end of 2014, all 110 professions had achieved certification. An audit campaign has been initiated to confirm professions certified three years ago. Fifteen professions confirmed the certification of professional training courses. Group profession training courses now undergo the certification process as a matter of course.

EMPLOYMENT OF YOUNG PEOPLE

Under the responsibility of the Group University, the PSA Peugeot Citroën private technical school is the result of a partnership between the Group and the French state education system. Over 600 young students, professors and science and industrial technology/economics and management inspectors benefit each year from this system.

All key players from the automotive sector now emphasise the need to promote the integration of young people into the workforce to support technological challenges in the automotive industry of the future, therefore updating degrees and adapting educational content to the new technical requirements.

To do this, the University relies on the expertise of the French vocational teaching system. Started about 15 years ago, a multi-year framework agreement has linked the Group to vocational teaching institutions with various specialist areas, either for our plants and development centres or for the Peugeot and Citroën brands and their networks. In France, the Group now works with 60 educational institutions to transfer this professional know-how.

Training in automotive service and after-sales professions clearly illustrate this system. Created for young people studying for the "Professional Automotive Maintenance Baccalauréat", "Professional Bodyshop Repair Baccalauréat" and "Senior Automotive After-sales Technician Diploma", this system, which prepares young people for work, is based on voluntary institutions meeting a need expressed by the Peugeot and Citroën Business Departments, for their own network or for dealer networks. 128 hours of additional training modules are delivered and young people also do eight weeks of additional work-based training with case studies and practical work using the methods and tools recommended by the Group.

Specific tutorial is given by a referent lecturer and a workplace tutor to support them throughout their training with professional guidance and to help them with their academic sucess. In fact, the results achieved were 10% to 15% higher than the national average for the diplomas in question. Workplace integration was also improved. A regional "skills" manager is responsible for this programme both in-house and at independent dealerships.

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.

3.3.4. MANAGING PERFORMANCE AND DEVELOPMENT G.11 G4-LA11

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 Medium-Term Plan (PMT), each large division describes and anticipates changes and challenges for the next three years. This exercise takes place in June and July every year;
- the objectives contracts then describe the objectives for the coming year for each Group department and entity, in a top down formation. This process takes place every year from September to December;
- 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 annual individual performance objectives are set using the objectives contract of the entity to which the employee belongs.

With the support of the HR process which has been 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 performance review 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 2014, over 90% of managers, technicians and supervisors worldwide carried out a an annual appraisal using an intranet application and most of them updated their CV and technical skills, self-assessed on the basis of a catalogue of 330 technical skills.

PERCENTAGE OF EMPLOYEES WHO HAVE HAD A PERFORMANCE REVIEW
(For 2014)

	Operators and administrative employees			Technicians and supervisors			Managers			Total (all Shared Service Centres combined)		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
France	82.7%	80.3%	80.7%	61.5%	78.2%	74.5%	87.8%	97.4%	95.5%	77%	83%	82%
Rest of Europe	NC	NC	NC	79.7%	79.7%	79.7%	90.9%	98.0%	96.5%	49%	34%	38%
Rest of the world	NC	NC	NC	77.5%	75.9%	76.4%	98.1%	100.0%	99.6%	69%	45%	49%
TOTAL	**55.5%**	**55.6%**	**55.6%**	**70.2%**	**78.3%**	**76.1%**	**89.6%**	**97.8%**	**96.1%**	**68%**	**69%**	**69%**

NC: not recognised.

3.3.5. A COMPREHENSIVE COMPENSATION POLICY REWARDING PERFORMANCE G.3

The Group endeavours to maintain its employees' purchasing power, reward performance, offer compensation that is competitive with market practices and give employees a stake in the value they help to create. This Group's compensation policy has the same objectives in every host country.

The crisis shaking the automotive industry on European markets and the challenges of a competitive market faced by the Group led to specific negotiations with employee representatives to implement wage moderation, which was necessary for the Group's recovery. It maintained its payroll budget throughout the world and individual merit raises implemented were, as a priority, oriented towards rewarding performances, enhanced skills and supporting a higher level of responsibilities.

3.3.5.1. FAIR COMPENSATION, BASED ON COMPETITIVENESS AND PERFORMANCE G4-EC5 G4-LA13

The Group continued to implement a corporate bonus system for executive managers worldwide. It meets several objectives:

- to recognise executive managers' contribution to achieving individual and collective operating targets that contribute to the Group's performance;
- to strengthen the culture of value creation in the Company;
- to gradually align the bonus policy for managers with market practices in their countries.

In 2014, 15,000 executive managers were eligible for a bonus scheme, over 69% of managers worldwide.

The Group continued to communicate with managers on the bonus policy and the levels of responsibilities held.

In addition, exceptional bonuses were maintained in recognition of the specific characteristics of certain jobs (motor sport, style, inventors, vehicle projects) in accordance with regulations and under centralised control.

PAYROLL COSTS

(At 31 December)

(in thousands of euros)		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**3,720,040**	**1,049,665**	**451,910**	**5,221,614**
	2013	3,923,718[1]	1,061,588	520,711	5,505,017
	2012	4,225,516[1]	1,063,984	480,567	5,769,066
o/w PCA France	*2014*	*3,119,329*	-	-	*3,119,329*
	2013	3,508,860	-	-	3,508,860
	2012	3,757,331	-	-	3,757,331
Other businesses	**2014**	**131,851**	**90,132**	**12,478**	**234,461**
	2013	133,046	90,803	10,005	233,855
	2012	131,413	94,882	7,917	234,212
TOTAL	**2014**	**3,851,891**	**1,139,797**	**464,388**	**5,456,076**[2]
	2013	4,056,764[1]	1,152,391	530,717	5,739,872
	2012	4,355,929[1]	1,158,866	488,484	6,003,279

(1) Without FM or SEVELNORD.

(2) As per IFRS 11, total payroll, as shown in the financial statements, includes the numbers for TPCA (€35,548 thousand) and SEVEL S.p.a. (€123,378 thousand), with the amount for the entire Group excluding Faurecia being €5,615,001 thousand.

In 2014, total payroll costs for Group companies came to €4,263,348 thousand, while related payroll taxes amounted to €1,351,653 thousand.

GROUP MINIMUM WAGE VERSUS LOCAL STATUTORY MINIMUM WAGE, BY COUNTRY G.34

(For 2014, base 100)

Country	Ratio	Local statutory minimum wage
Germany	100	Regional standard minimum wage
Argentina	144	Local legal minimum wage
Austria	100	Regional standard minimum wage
Belgium	122	Guaranteed average minimum monthly income
Brazil	178	Local legal minimum wage
China	100	Regional minimum wage (Shanghai)
Spain	142	Local legal minimum wage
France	124	Guaranteed Minimum Wage
Italy	103	Local legal minimum wage
The Netherlands	109	Local legal minimum wage
Poland	119	Local legal minimum wage
Portugal	122	Local legal minimum wage
United Kingdom	138	Local legal minimum wage
Russia	648	Regional legal minimum wage (outside Moscow)
Slovakia	180	Local legal minimum wage
Switzerland	NA	No legal minimum wage; no industry agreements

Information is reported for countries representative of the Group's organisation, where there are more than 300 employees.

The ratio is calculated based on each country's statutory minimum wage (when one exists), without considering any regional variations.

COMPARISON OF AVERAGE SALARIES 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		TECHNICIANS AND SUPERVISORS	
Coefficient	M/F Salary ratio	Coefficient	M/F Salary ratio
170	100.7	255	103.2
175	99.7	270	102.3
180	99.7	285	101.2
185	99.8	305	99.9
190	100.8	320	100.3
195	100.5	335	99.1
200	99.9	365	99.1
215	99.6	395	93.0
225	101.8		
240	101.0		
255	102.6		
270	103.2		
285	106.7		
305	NS		

NS: not significant.

In 2014, these ratios show additional progress towards complete pay equality between women and men at equal value job levels. This results from a wage policy that ensures that the proportion of wages devoted to women is always equal to or greater than the proportion for men.

COMPARISON OF AVERAGE SALARIES OF MEN TO WOMEN, MANAGERS

(For the year, base 100)

France (PCA)

Managers	Ratio of men/women
Executive officers	134.1
Senior managers	105.3
Senior management	105.4
Confirmed managers	100.9
Junior managers	102.7

Argentina, Brazil, Spain, Portugal, Slovakia, Russia

	Ratio of average salaries for men/women					
	Argentina	Brazil	Spain	Portugal	Slovakia	Russia
Executive officers	NS	NS	NS	NS	NS	NS
Senior managers	NS	NS	NS	NS	NS	NS
Senior management	101.4	109.1	109.8	113.8	115.5	109.4
Confirmed managers	105.1	110.8	105.9	118.7	90.9	91.0
Junior managers	102.4	104.3	106.8	120.6	105.0	111.5

NS: not significant.

The ratios of average salaries between men and woman in managerial positions concern the sales and finance subsidiaries and production sites in 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.

3.3.5.2. BENEFITS GRANTED TO EMPLOYEES G4-EC3 G4-LA2

EMPLOYEE BENEFITS: OVERALL COMPENSATION AND SOCIAL RESPONSIBILITY

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. For example, the Group is committed to providing core risks such as life coverage for all employees (on fixed-term contracts or permanent contracts) worldwide.

Since 2011, the Group has arranged a worldwide partnership with an insurance company to align healthcare, death and disability coverage, with local practices, and optimise costs, benefiting both the Group and its employees.

Several calls for tenders were launched since the partnership was set up and true improvements in terms of services and costs have been observed in all countries concerned.

In 2014, new countries joined the partnership with the Group's international insurance company (Croatia, Ukraine and Japan). In China, this partnership was extended to the life and disability insurance that covers all employees in that country.

Improvements have also been implemented in several countries. This is the case in Algeria where a health insurance policy was set up as of 1 January 2014, in addition to the already existing death and disability policies. It is also the case in Germany where the accident policy was revised and extended to all employees on 1 January 2015. This is also the case in Hungary, with increased indemnities paid for the death of employees, thus meeting the Group's social commitment to cover core risks.

GROUP EMPLOYEE PROFIT-SHARING AGREEMENTS

Employees benefit from the Group's results through several collective systems:

- non-discretionary profit-sharing and discretionary profit-sharing agreements in France: it involves in particular the three-year (2013-2015) discretionary profit-sharing agreement which associates employees with the Company's strategic results (economic, quality and safety). The level of the Group's net profit or loss in 2013 did not make it possible to pay any profit-sharing to the Group's employees in 2014;
- international profit-sharing: it involves associating Group employees outside France with the Group's Recurring Operating Income. This plan is available to all subsidiaries outside France, except for Brazil where there is a local discretionary profit-sharing programme. Taking into account the net profit or loss for 2013, the Group paid no profit-sharing in 2014 for 2013.

DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

(rounded to the nearest million euros)	2012	2013	2014
Total France – Discretionary and non-discretionary profit-sharing (Group agreement)	28	15	76
Discretionary and/or non-discretionary profit-sharing for other French subsidiaries	5	8	5
Profit-sharing for foreign subsidiaries	0	0	0
TOTAL	**33**	**23**	**81**

ACCELERATE: THE FIRST GROUP ISSUANCE OF SHARES RESERVED FOR EMPLOYEES

In 2014, the Group organised the Accelerate plan, the first issuance of shares reserved for Group employees. It gave 95% of Group employees the opportunity to become shareholders at a favourable rate through a corporate mutual fund (known in France as an FCPE) or direct shareholding (in Spain and Italy). This offer was made to about 100,000 employees in 14 countries. During the subscription period which ran from 31 October to 17 November 2014, over 15% of employees expressed an interest in having a share in Group performance over the long term. This level of participation and the high levels of subscriptions (much higher than the stock option plan) shows that employees are fully engaged with the Group's recovery plan and that they have full confidence in its capacity to return to the highest performance levels. This capital increase reserved for Group employees was conducted on 29 January 2015.

EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)

To give employees a stake in their Company's growth, a variety of corporate savings plans have been set up. In France, employees have the opportunity to invest in the "Group employees' fund". In Germany, Spain, Portugal and the United Kingdom, they can select from a variety of investment vehicles depending on local legislation.

In France, the corporate savings plan has three components:

- the savings plan with investment in Group shares (investment with a lock-in period of five years, except in the case of specific early release);
- the diversified savings plan (investment with a lock-in period of five years, except in the case of specific early release): 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;
- the long-term insurance-based saving plan (long-term investment with the option of early release in specific cases) allows preparation for long-term projects.

Plan entitlements are granted according to the same terms and conditions to both full-time and part-time employees, adjusted for hours worked in the case of part-time workers. Subject to seniority conditions, employees on fixed-term contracts are also entitled to join the plan.

EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)

(Consolidated Group, excluding Faurecia, at 31 December)

	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	
	2013	2014	2013	2014	2013	2014
Automotive [1]	9.49	3.88	5.30	1.57	9,784	3,961
Other businesses	0.34	0.12	0.17	0.04	251	75
TOTAL	**9.83**	**4.00**	**5.47**	**1.61**	**10,035**	**4,036**

(1) Including SEVELNORD but not FM which will not integrate employee savings plans until 2015.
(2) Reinvestment of discretionary and non-discretionary profit-sharing and voluntary contributions.

In 2014, the Group paid €1.79 million in matching contributions into the local employee savings plans.

INTERNATIONAL EMPLOYEE SAVINGS PLAN

(At 31 December)

	Amount of payments *(in millions of euros)*			Employer contributions *(in millions of euros)*			Number of participants		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
United Kingdom	0.98	0.76	0.71	0.51	0.39	0.13	741	7,144	6,522
Spain	0.14	0.10	0.04	0.09	0.05	0.02	81	717	372
Germany	0.22	0.13	0.05	0.11	0.07	0.03	155	326	127
Portugal	0.01	0.00	0.00	0.01	0.00	0.00	14	71	29
TOTAL	**1.35**	**0.99**	**0.80**	**0.72**	**0.51**	**0.18**	**991**	**8,258**	**7,050**

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
Automotive Division	**2014**	**43,063**	**17,220**	**49,006**
	2013	35,515	15,455	45,494
	2012	36,665	15,545	49,598
Other businesses	**2014**	**4,209**	**1,392**	**2,424**
	2013	3,175	906	1,363
	2012	3,013	978	1,852
TOTAL	**2014**	**47,272**	**18,612**	**51,430**
	2013	38,690	16,361	46,857
	2012	39,678	16,523	51,450

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		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
France	20,989	17,947	19,822	10,754	9,125	9,867	33,550	29,043	32,598
Rest of Europe	15,532	18,473	23,578	3,946	5,782	7,281	15,576	15,540	16,848
Rest of the world	3,157	2,271	3,871	1,823	1,454	1,465	2,324	2,274	1,984
TOTAL	**39,678**	**38,690**	**47,272**	**16,523**	**16,361**	**18,612**	**51,450**	**46,857**	**51,430**

To help employees prepare for the future, supplemental defined-contribution retirement plans are being set up in all countries where they are necessary to offset insufficient mandatory pension schemes and market practices, where available resources allow them. Such plans have already been introduced in Germany, Belgium, Spain, France, Japan, the Netherlands, Czech Republic, Slovakia and the United Kingdom.

Managed by local joint labour management committees, in line with local practices, these systems are designed to provide beneficiaries with supplemental retirement income and harmonise retirement benefits in the various subsidiaries in each country, where possible.

In 2013 and 2014, specific studies were also conducted in four countries (Germany, Argentina, Belgium and Netherlands) so as to analyse the potential for harmonising the plans in the country and working towards the optimisation of existing schemes, taking into account the regulatory environment and practices of the country. Changes in plan are pending in the Netherlands for the end of 2014 and scheduled in the United Kingdom in 2015.

SCOPE OF PENSIONS WITH DEFINED-BENEFIT PENSION PLANS

At the end of 2014, the commitments recognised in the Group's books under defined-benefits pension schemes were €4.243 billion and were covered by outside funds of €3.757 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.

BETTER COMMUNICATION WITH EMPLOYEES

Upon the launch of the new "Live'in PSA" portal, the human resources pages were remodeled. Within completely modernised internal communication, the content of the pages on compensation and benefits was re-written, finalised and updated, to bring a vision with a worldwide dimension on the compensation and benefits policy and to therefore strive for transparency within the Company on these topics.

This documentation is presented in four parts. The specifics of each country were expressed for each theme:

- compensation: new content to better understand fixed compensation and an explanation of variable compensation;
- preventive health care: very detailed updated information to clearly answer employees queries;
- retirement: information on the structure of retirements, integrating the latest regulatory changes;
- other services: a list of social services, services for employees, benefits of the Group's products.

Therefore each employee has access to the relevant HR information he needs when he needs it. It also has direct access to all HR applications profiled by country as well as HR reference documents.

SOCIAL SERVICES

All Group companies and sites contribute to social and cultural activities, as well as improving working conditions based on national and local opportunities. More than €152 million were paid by the Group (Automotive, Finance Divisions) in 2014 under social benefits, representing 2.8% of the 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 in France for employee welfare programme.

3.4. OCCUPATIONAL HEALTH AND SAFETY, OUR TOP PRIORITY

PSA Peugeot Citroën's results in safety and protecting health are the highest levels in the entire manufacturing sector. This is the result of rigorous application of the Occupational Health and Safety Management System which the Group has been developing for several years.

3.4.1. THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM AND THE COMMITMENTS OF PSA PEUGEOT CITROËN G.8 G4-DMA

3.4.1.1. TRANSFORMING THE GROUP'S CULTURE OF SAFETY

The Occupational Health and Safety Policy, defined by and taken to the highest level of the Company, was signed by the Group's Executive Committee in May 2014. A breakthrough in managing Occupational Health and Safety, it applies to all Group subsidiaries and plants and involves radical changes in managers' and employees' 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.

All Group actions and decisions are issued from the evaluation, monitoring and risk control. Three behaviours guide the Group's actions in terms of prevention: exemplary behaviour, vigilance and responsiveness.

The Workplace Health and Safety policy is also formalised in the 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.

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.

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.

In 2010, safety was included in discretionary profit-sharing plans to give all employees a stake in the Group's safety results.

3.4.1.2. A PROCESS THAT PRODUCES RESULTS

The Group's Health and Safety Policy is supported by the Occupational Health and Safety Management System (SMST). This management method is based on 6 founding principles and 22 requirements which define the points of vigilance and control: it is the health and safety referential applicable to all Group entities and subsidiaries.

The Health and Safety Management System
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 Occupational Health and Safety Management System is now operational at all Group units. An extensive programme is also underway at all units to help managers apply the approach on a daily basis using a Occupational Health and Safety Management System "roadmap". This roadmap includes five essential steps leading to a mature process and lasting change: raise awareness, change mind-sets, change behaviours, change habits and corporate culture. This road map is based on best practice and makes it possible to assess the results.

The management principles of this system are applied in Europe, Latin America and China. This management system is adapted to all Group business and the specific legislation of the different countries.

Three years after implementation, the Occupational Health and Safety Management System has demonstrated its effectiveness. It has made a clear contribution to results and is moving the entire Group towards health and safety excellence, both incrementally and in a structured manner.

In addition to cross-functional training to help managers acquire the knowledge they need to deploy the Occupational Health and Safety Management System, health and safety audits are carried out to ensure that the principles are effectively applied.

The Industrial Hygiene, Safety and Working Conditions Committees in France and similar committees in other countries are involved in regulating all aspects of the system.

Due to the high number of establishments, the company-owned network has set up a SMST relay structure to bring the Group's prevention principles as close as possible to management and employees. This relay network ensures employee training, the use of management tools and assistance from management. The network has a structured leadership so that best practice and prevention tools can be discussed.

3.4.1.3. THE GROUP'S PRIORITY COMMITMENTS ON HEALTH AND SAFETY

Aware of its responsibility to preserve people's health and safety, the Group aims to strengthen its global approach by 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

For the Group, preventing musculoskeletal disorders (MSDs) is a key occupational health and safety policy priority. MSDs are a leading cause of work-related injuries in the automobile industry. As MSDs have very different causes which interact with each other, simultaneous monitoring of 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, feeling of operators – recognition and motivation) factors 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 defined 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, the strategy to deal with discomfort in non-repetitive workstations which started in 2012 continued in 2013. It will be rolled out across all Group sites in 2014.

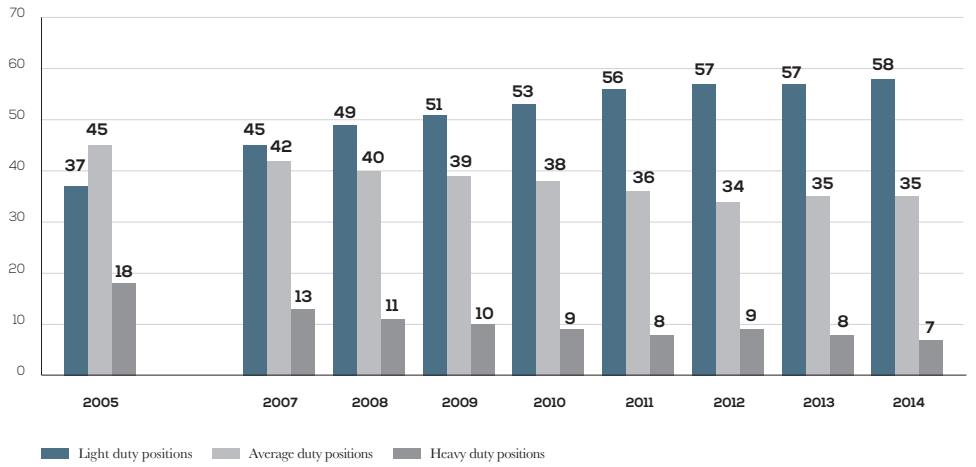
To allow closer surveillance of how MSDs appear, the Group decided, through the "New Social Contract", to monitor the exposure of operators to vibratory risk (local or full body) which is an aggravating factor for MSD risk and posture stress to more closely monitor back stress and improve the "Work Alerts" (ALT) process so that warning signs for MSD can be better detected.

In addition to this initiative, the Group is continuing to improve its workstations. 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 2014, the proportion of "heavy" workstations fell from 18% to 7%, while "light" workstations rose from 37% to 58%. It is the Group's ambition to make further progress in this area and reach a level of 59% "light" workstations in 2015.

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 defined in order to ensure primary prevention of occupational health and safety risks while maintaining the Group's industrial performance.

CHANGES IN THE "LIGHT DUTY", "AVERAGE DUTY" AND "HEAVY DUTY" POSITIONS

(Manufacturing activity of the Automotive Division, in % based on the METEO rating)*



* *Workplace and Organisational Evaluation Method*

CHEMICAL RISKS

Chemical risks are a core focus of the preventive measures the Group has taken to manage health and safety. They concern 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 7,500 chemical products and substances at its R&D and manufacturing sites and more than 1,500 in its sales companies. 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, Technical-Industrial Innovation or Sales businesses.

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 sales activities.

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 "hyper-stress" (or extra stress) are on average 30% less efficient. The last survey conducted within the Group in March 2013 (French sites) revealed that 7.35% of employees are experiencing hyper-stress. Above and beyond the health and safety considerations, this presents a considerable performance challenge.

Starting in 2007, the Group decided to look at stress head on and to recognise psychosocial risks as job-related risks.

A company-wide agreement was signed in October 2009 and reissued in 2014 to implement a psychosocial risk prevention plan in all countries and all divisions.

In 2013, a specific roadmap to prevent this risk was rolled out to help establishments and management apply the Health and Safety at Work Management System (SMST), to raise awareness on the matter 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 road map is comprised of 12 requirements distributed based on 4 basic objectives that include all of the principles of the programme committed within the Group:

- setting up and running the network of vigilance: this component concerns the implementation of a network of vigilance, in particular monitoring medical and social representatives and watch units. Watch cells are in place and active, medical and social services play an important every day role, for warning signs of distress situations as well as assisting persons who need assistance. Mobilisation as strong in preventive actions as in dealing with employees in distress is a core challenge for the Group;
- training the different points of contact: the employee representatives, members of the watch cells and managers have been trained, a 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, each union member and supervisor has been trained in building action plans;

- stress factors (using the data or assessment framework): in order to be able to objectify the psychosocial risk prevention initiative, each participant must know "social irritants" and know 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 have a collective measurement of the workplace stress (monthly, quarterly, annually). In 2014, 11,648 employees filled out confidential questionnaires. This evaluation provides managers with the collective analysis data to help prepare action plans (annual report);
- setting up operational action plans: conducting action plans is a core lever to identify proper behaviour to be adopted so as not to contribute to the development of risk factors. This is done in general within the Executive Committee, Health and Safety Committee periodically during specific meetings with HR and/or occupational physicians. Working groups (employees, employee representatives, members of HR, etc.) were set up not only for divisions but also for sub-entities (departments, organisational units, etc.).

From the 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 and are followed up by the manager during weekly meetings. This organisation promotes strengthening collective rights.

Psychosocial risks are monitored like other risks of the Group, and are fully integrated in the Occupational Health and Safety Management System.

Actions have already been implemented since this initiative was launched, in particular in fairness, painful physical conditions or even acknowledging efforts/results. Today there are responses for each risk factor identified within the Group.

PREVENTING ROAD RISKS

As a carmaker, the Group naturally puts a high priority on road safety. In collaboration with employee representatives, in 2010 the Group renewed a professional road risk prevention charter setting out the principles to be respected. This charter, circulated to all employees, indicates the rules for using vehicles for professional purposes or when commuting to and from work.

To increase compliance with safety guidelines during test drives conducted during the vehicle design phase, the Group has created an Intranet site where all the 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.

In 2013, the plant in Madrid trained its employees in road risks, having them participate in activities allowing them to use driving simulators and to make them aware of the risks of alcohol, medications or vision problems.

Many sites maintained their efforts in road safety prevention, providing private bus services for employees to reduce the exposure to road risks.

Each year, during road safety prevention week, with the participation of outside partners (police force, associations, etc.), sites can lead awareness actions, in particular for periods of departure on annual leave.

WORKSTATION SAFETY: "STOP" AUDITS

The preventive observation safety at work (STOP™) programme has been in place at the Group's Industrial sites since 2009. This programme trains managers, giving them the ability to detect high risk situations or dangerous behaviour. 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 agrees to continue applying the preventive behaviour where he or she can and to make progress in his weaker areas.

Each month, working in pairs, managers carry out observations to control the STOP™ approach and resolve risky situations in workshops.

The system for observing hazardous situations and behaviours is also used for different issues like, for example, pedestrians walking through workshops.

3.4.1.4. 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 activities carried out by external companies. Started in 2012, the S-Box was rolled out in 2013 in all of the 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 on the tertiary and Technical-Industrial Innovation sites.

3.4.1.5. SAFETY AND HEALTH FOR EVERYONE

Safety concerns all persons who work on Group sites, including employees of service provider companies.

Without taking the place of 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 leadership 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 health and safety for temporary employees. Accordingly, representatives from temporary agencies visit Group sites, participate in the preventive observation safety at work (STOP) programme and in analyses of workplace accidents.

In 2014, the results continue to improve with a total lost-time incident frequency rate for temporary employees of 1.62 vs. 1.97 in 2013 and 6.2 in 2012.

One domain monitored particularly during projects or summer maintenance is the management of outside companies. A group organisation is dedicated during annual leave and each participant is trained and empowered in terms of health and safety. In 2014, more than 6,000 health and safety audits were conducted during the summer works.

3.4.2. IMPROVING WELL-BEING AND QUALITY OF LIFE AT WORK G.8

3.4.2.1. IMPROVING WORKING CONDITIONS

Regardless of their area of activity, all subsidiaries, dealerships and sites focus on creating a pleasant and safe working environment. The Group strives to implement optimum arrangements, such as working and rest areas via a workplace layout charter defining the relevant criteria (luminosity, office surface area, toilets, meeting rooms, etc.) or site traffic plans.

3.4.2.2. ACHIEVING A HEALTHY WORK-LIFE BALANCE

Achieving a good work-life balance is a performance factor and prevents work-related stress. That is why the Group would like to offer employees part-time schedules or even teleworking when the work organisation makes it possible.

As much as possible, the Group responds favourably to employees' requests to work part-time. Part-time schedules take into consideration the wishes of employees and the efficient functioning of the departments and also take into account legal and medical considerations. The Group thus looks for appropriate solutions: part-time daily or in half days, part time in hours, etc. Part-time schedules are chosen and not mandated by the Group. In 2014, 8,390 Group employees worldwide worked part-time.

To achieve a better work-life balance, multiple services are offered to employees: company concierge services, travel agents, bus services, carpooling intranet sites, administrative support, etc. In 2014, 160 childcare places were offered on the French territory.

Community life is encouraged: over 80 sports, cultural and charity associations are very active. PSA Peugeot Citroën 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 our sporting associations in France are certified.

MORE THAN 1,400 TELEWORKERS IN THE GROUP

Teleworking, a managerial tool to improve the functioning of departments promoting employee motivation and commitment has been available since January 2014 to technicians and supervisors and managers (France), under the conditions guaranteed in the "New Social Contract". This was rolled out following an experimental phase implemented as of 2012, in conjunction with social partners. It was able to show improvements in working conditions, in particular in decreasing fatigue, stress and travel time.

At the end of 2014, 1,400 employees had already chosen teleworking, which ranks PSA Peugeot Citroën among the top employers of teleworkers.

This agreement offers teleworking possibilities adapted to the most commonly encountered situations within the Group. This also makes it possible to monitor employee well-being and prevent teleworkers from becoming isolated. Weekly teleworking allows employees to work at home one or two days a week. It helps achieve a better work-life balance and gives managers more visibility in managing their organisation. Teleworking for exceptional events is also possible for one-off, unforeseeable situations or emergencies (bad weather, pandemics, transport strikes, etc.).

The Group makes a point of applying this best practice in other geographic areas where it operates. Teleworking is now a standard practice in Germany, Spain and Brazil.

3.4.2.3. SOCIAL SERVICE IN THE WORKPLACE

The main role of social workers is to facilitate workplace integration by assistance given to employees dealing with concerns in their personal and/or professional life impacting the professional scope. The social service is thus a place to express oneself and be heard.

Social service in the workplace is provided to all staff in France, thanks to a network of 21 social workers employed within each tertiary or manufacturing site. In 2013, this service was completed on the entire territory, for employees from the privately-owned dealership network.

3.4.2.4. FOSTERING EMPLOYABILITY FOR EVERYONE

The Company is responsible for providing employees with positions aligned with their skills and capabilities. As part of its responsible development policy, the Group introduced an employability management system in 2010 covering all production facilities. Starting from the premise that employability is above all a management strategy, the actions rolled out by the Group aim to give managers this responsibility. This policy is implemented efficiently and pragmatically based on practical data identified and recognised by the network of employability representatives present on the sites, centrally developed and facilitated by the employability and disability representative.

The Group enhances employability with a focus on four areas:

- supporting employees who have restricted abilities;
- identifying and monitoring positions adapted to people with certain limitations;
- making any necessary adjustment;
- anticipating changes in the structure of the workforce.

3.4.3. PSA PEUGEOT CITROËN'S PERFORMANCE IN SAFETY AND WORKPLACE ACCIDENT PREVENTION G.10 G4-LA6

As a result of the Group's Occupational Health and Safety Policy and its Health and Safety Management System (SMST), the great progress made over several years held steady in 2014, with a management lost-time rate of 1.38 as compared to 1.19 in 2013 and 1.99 in 2012. PSA Peugeot Citroën has the best performance in all French industry. These results reflect safe practices by both permanent and temporary employees. With emphasis on training from the first day on the job and to the attention paid to all categories of employees, the lost-time accident frequency rate for temporary employees is now as low as for Group employees. The lost-time accident frequency rate of Group employees was 1.37, as compared to 1.16 in 2013 and 1.78 in 2012. The lost-time accident frequency rate (TF1) corresponds to the "number of lost-time occupational accidents times one million divided by the number of hours worked".

Every month, the CSP AT/MP (Shared Service Centre for Workplace Accidents and Occupational Illnesses), gathers all the safety data (via the DANY internal HR application) as well as the number of hours worked. This data is distributed to all sites (manufacturing, sales, tertiary, etc.) which allows a unique measurement, and a comparison by department, Plant, and even profession. The resulting action plans help continuously improve the Occupational Health and Safety Management System.

Every week, written communications is sent to safety representatives, on the accidental events, feedback and local actions (Weekly Safety Reporting).

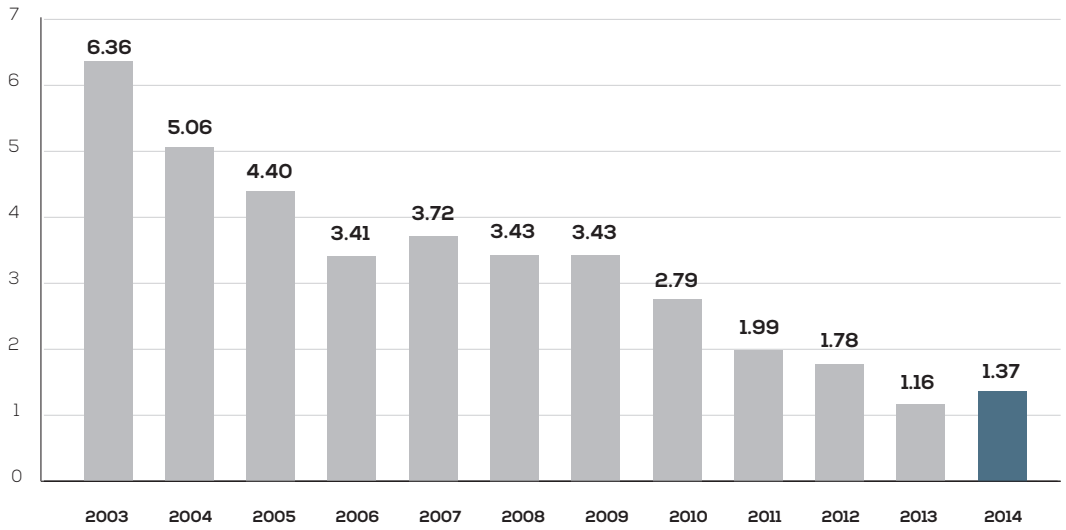
Every month, all the Group's Safety Engineers meet to analyse accidental events and exchange best practices. Every month, the regional HR representatives meet to discuss health and safety.

THE ONLY ACCEPTABLE TARGET IS ZERO ACCIDENTS AND ZERO 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.

For 2014, the Group has set itself the target of a Management lost-time incident frequency rate of one point over the whole year. This target has already been achieved in 24 facilities in France, Latin America, Spain, Portugal, Russia and Slovakia.

TOTAL LOST-TIME INCIDENT FREQUENCY RATE

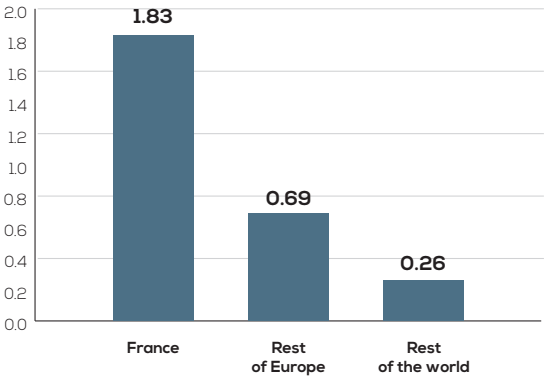


The lost-time incident frequency rate (TF1) corresponds to the "number of lost-time occupational accidents times one million divided by the number of hours worked".

The frequency rate for declared accidents went from 5.73 points in 2013 to 4.92 points in 2014. Moreover, the frequency rate for first aid went from 21 points in 2013 to 16 points in 2014.

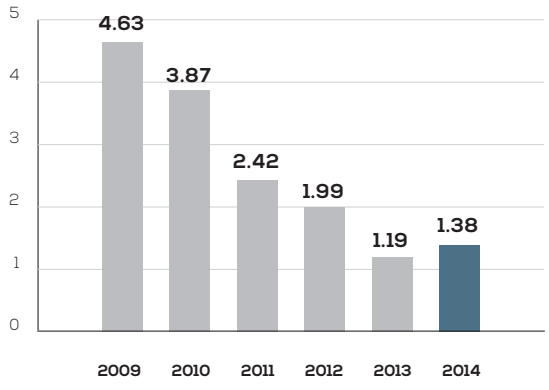
FREQUENCY RATE FOR LOST-TIME INCIDENTS BY REGION

(For the year)



In 2014, the lost-time incident frequency rate (TF1) worldwide was 1.37 point (1.38 point with temporary employees).

TOTAL MANAGEMENT LOST-TIME INCIDENT FREQUENCY RATE



Management lost-time incident frequency rate including Group employees and temporary employees.

SAFETY RESULTS

(For 2014)

	France		Rest of Europe		Rest of the world		Total	
	Frequency rate	Severity rate	Frequency rate	Severity rate	Frequency rate	Severity rate	Frequency rate	Severity rate
Automotive Division	1.81	0.22	0.71	0.04	0.27	0.02	1.38	0.15
including PCA France	1.50	0.22					1.50	0.22
Other businesses	2.74	0.15	0.34	0	0	0	1.28	0.06
TOTAL	**1.83**	**0.22**	**0.69**	**0.04**	**0.26**	**0.02**	**1.37**	**0.15**

The lost-time incident frequency rate (TF1) corresponds to the number of lost-time occupational accidents times one million divided by the number of hours worked. The severity rate corresponds to the "number of consecutive days lost to accidents times one thousand divided by the number of hours worked".

COMMUTING ACCIDENTS

(For 2014)

	2013	2014
Frequency ratio	3.4	2.7

The lost-time incident frequency rate (TF1) corresponds to the number of lost-time occupational accidents times one thousand divided by the number of employees.

NUMBER OF FATAL ACCIDENTS

(For 2014)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	3	0	0	3
Other businesses	0	0	0	0
TOTAL	**3**	**0**	**0**	**3**

3 fatal work-related accidents occurred in 2014, including two home/work commuting accidents.

WORKPLACE 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 outside service providers, 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	**336**	**359**	**16**	**11**			**352**	**370**

3.4.4. PSA PEUGEOT CITROËN'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:

- have 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 by Group employees, are based on internal and multidisciplinary skills and are adapted to the context, the regulations and the regional health priorities of the different entities.

REVIEW OF THE PROGRAMMES CONDUCTED IN THE GROUP

Within 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 our entities. This training plan is the result of our risk analysis plan conducted at the design stage, as well as in series production and customer service.

For example, the main training actions for employees and generalised in the Group:

- training in safely operating handling equipment: this training is based on a strict programme associating theory and practice in order to understand the dynamic and static risks and the interactions created in the logistics activities;
- mechanical risks training: this training aims to bring awareness among the supervisor staff and personnel of the risks regarding the job's environment. In particular, training is offered in Machine Safety, individual protection gear, work at heights, etc.;
- chemical risks training: within the prevention of inhalation, absorption and cutaneous risks and in parallel to our approach to analysing the quality of the air, training is given both on existing toxicological and bacterial/health risks. The changes in European regulations require training on the new labelling for chemical products;
- electrical risks training: electrical risks are a real source of serious injuries. These risks may be created in industrial plants, building equipment and vehicles using electric power. Persons likely to be exposed to these risks take training to be certified, following the strictest international training standards;
- training in preventing road risks: within the driving activities, programmes adapted to different types of situations that may exist have been created and given to all employees concerned. Other training programmes will be implemented to 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 as early as possible signs that should trigger a warning. Training programmes have been set up to make all employees aware of the psychosocial risks. In addition, specific training intended for health care professionals, members of human resources and employee representatives have been rolled out;
- Ergonomics awareness training: learning good body language is a basic tool for preventing problems and illnesses likely to be caused by work postures and repetitive gestures. Integration workshop 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 urgent matters, the training seems an essential tool to limit the consequences of an event. These training programmes deal with emergency response, handling defibrillators, using fire safety equipment and training internal first aid teams. Training programmes are offered specially by teams acting in case of pollution risk;
- training on public health topics: occupational Health Departments promote public health programmes in particular in nutrition, addiction prevention, vaccine awareness, information on the risk of cardiovascular events and contamination risks.

In addition to training for Group employees, training actions have also been set up for employees' families. For example:

- awareness campaigns (smoking, alcohol, food hygiene: diabetes, obesity, etc.);
- sending a brochure to employees at home to make them aware of the screening signs for mental anguish in those around them;
- distributing twice a year before summer and winter breaks an insert on themes associated with road risks, domestic risks and health hazards.

Training sessions have also been set up for members of local communities: first aid training, participating in various campaigns and events on health.

OCCUPATIONAL ILLNESSES BY REGION G.10

The priority focus is on job-related diseases. They are covered by preventive steps on all Group sites.

(For 2014)

	France	Rest of Europe	Rest of the world	Total
Musculoskeletal disorders of the upper limbs	331	4	9	344
Carrying heavy loads	10	0	0	10
Occupational illnesses after exposure to asbestos	22	0	0	22
Noise-related hearing loss	11	0	7	18
Other	17	1	0	18
TOTAL	**391**	**5**	**16**	**412**

In 2014, 412 declarations for occupational illnesses were recognised within the Group, with 95% in France, 1% in Europe (excl. France) and 4% in countries outside Europe.

These declarations concern for 84% of illnesses associated with musculoskeletal disorders (MSD) of the upper limbs, a little more than 2% those associated with carrying heavy loads, 5% occupational illnesses following exposure to asbestos, 4% associated with deafness, and finally, a little more than 4% are from other causes.

At the Group's initiative, the frequency rate of occupational illnesses is now being monitored (FR = number of recognised occupational illnesses divided by the number of hours worked multiplied by 1,000,000).

In 2014, this percentage was 3.89.

3.4.5. AGREEMENTS AND MIXED HEALTH AND SAFETY COMMITTEES

G.9 G4-LA5 G4-LA8

JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES – PERCENTAGE OF EMPLOYEES REPRESENTED

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. The following table provides examples of the Health and Safety Committees comprising both Management and employee representatives in a number of countries.

Countries	Organisation	Membership
South Africa	Professional Health and Safety Committee	Employee representatives and Employer representatives
Algeria	Hygiene and Safety Committee	Employer representatives, Employee representatives, Occupational physicians
Germany	"Safety and Health" Committee	Employer representatives, Employee representatives, Occupational physicians, Safety manager, External consultant
	Psychosocial Risk watch unit	Branch Director, Member of the EC, Occupational Health manager and Occupational physician
Argentina	Safety, Ergonomics and Fire Prevention Committee	Employee representatives and Employer representatives
Austria	Central Working Committee on public Safety	Employer representatives, Safety Engineers, Occupational physicians, Employee representatives, Safety manager
	Occupational Safety Central Committee	Employee representatives, Employer representatives, Occupational physicians, Safety manager
Belgium	Occupational Prevention and Protection Committee	Employer representative, Employee representatives, Prevention consultant
Brazil	Internal Accident Prevention Committee	Employee representatives and Employer representatives
China	Health and Safety Committee	Employee representatives and Employer representatives
Chile	Joint Health and Safety Committee	Employee representatives and Employer representatives
Denmark	Health and Safety Committee	Employee representatives and Employer representatives
Spain	Safety and Health Committee	Employee representatives and Employer representatives

Countries	Organisation	Membership
France	Health, Safety and Working Conditions Committee	Employee representatives, Employer representatives, Occupational physicians, Safety manager
	Local integration group	Job allocation managers, Occupational physicians, Health and Safety Department, Career counsellors, Employer representatives
	Psychosocial Risk watch unit	The Director of Human Resources, the Occupational physician, The Social assistant, and a Personnel representative
	Local disability mission	Employer representatives, Employee representatives, Occupational physicians
	Workplace Stress Committee	Management representatives, Occupational physicians and Personnel representatives,
	Stress tracking cell	Employee representatives, Plan managers, Occupational physicians, Social assistants, the Employee Relations and HR managers
	Watch unit	Employer representatives, Safety Engineers, Social Workers, Occupational physicians
	"Social ties" group	Management and Personnel representatives
	Health and Safety Committee	Employee representatives, Employer representatives, Occupational physicians
Italy	Safety and Health Committee	Employee representatives, Personnel representatives, Medical officer Prevention and Protection Services Manager
Japan	Health and Hygiene Committee	Employee representatives, Employer representatives, Occupational physicians
Norway	Safety and Health Committee	Employer representatives, Employee representatives
The Netherlands	Safety and Health Committee	Employer representatives, Personnel representatives
Portugal	Health and Safety Committee	Employee representatives, Employer representatives, Health and safety manager, Occupational physicians
United-Kingdom	Safety and Health Committee	Employee representatives, Personnel representatives, Health and safety officer
	Tile Hill quarterly Health and Safety Committee	Employee representatives, Director of Human Resources, Parts Supply Director, Local senior managers, the Health and safety adviser
	Monthly committees for the local Tile Hill warehouse	Warehouse Director, Health and Safety adviser, Employee representatives
	Health and Safety Committee for Pinley House and for the Technical Training Centre	Human Resources Director, Employee representatives, Local managers, Employees in the Health and Safety Department and First Aid representatives
Russia	Health and Safety Committee	Employee representatives, Employer representatives, Health and Safety officer
	Health and Safety Committee for the spare parts warehouse	Employee representatives, Employer representative, Health and Safety officer
Slovakia	Working Conditions Committee	Employee representatives, Employer representatives, Production centre Director
	Health and Safety Committee	Employer representative, Health and safety officer, Production centre Director
Sweden	Health and Safety Committee	Employee representatives, Employer representatives
Turkey	Health and Safety Committee	Employee representatives, Employer representatives

More than 89% of Group employees (excluding Faurecia) are represented by Joint Management-Worker Health and Safety Committees.

HEALTH AND SAFETY AGREEMENTS

The Group is committed to implementing the best 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 is present. In 2014, 18 health and safety agreements were signed.

3.5. MAKING OUR DIFFERENCES AN ASSET G.15 G.17

3.5.1. DIVERSITY AND EQUAL OPPORTUNITY AT THE CORE OF THE SOCIAL CONTRACT

3.5.1.1. PROMOTING DIVERSITY FOR SOCIAL COHESION AND PERFORMANCE

G4-DMA G4-LA12 G4-LA16 G4-HR3

By signing precursor agreements with trade unions, the Group has made a public commitment and taken action to promote diversity, supporting its stakeholders and employees in this dynamic.

An agreement on diversity and social cohesion entered into from 8 September 2004, renewed on 29 November 2011, is the basis of the Group's policy to promote diversity among employees, equal opportunities and the prevention of discrimination, a core part of its social policy and an asset for innovation, creativity and dealing with change. This agreement affirms the Company's desire to:

- have the best skills, to help the Group achieve success;
- better reflect society and its environment, which facilitates customer understanding and satisfaction.

The Group also fights against all forms of discrimination and intolerance towards differences, considering that skills are the key factors in hiring and career development.

Promoting diversity therefore means recruiting, bringing together and nurturing the brightest talent, regardless of national origin, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging or not belonging to an ethnic group, nation or race, political opinion, union activity, religious convictions, physical appearance, name, pre-existing health conditions or disability. The Group respects privacy.

PSA Peugeot Citroën 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 are discriminatory. A best practice guide is given to recruiters and a service agreement 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).

In 2009, the Group was among the first French companies to obtain the Diversity label in recognition of the Group's human resources policy and best practice in promoting diversity, equal opportunity 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 France and Spain, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. They are responsible for ensuring that commitments are met and for analysing measures taken locally. An additional Internal Audit has been applied since 2013 and a new process is being developed for diagnosing risks.

In 2014, a university study was reinstated with the company which sought to identify the perceptions of the different stakeholders and employee categories in relation to policies and practices on managing diversity in the Company. In addition to the inventory, it flags up points for vigilance and makes recommendations. The Company showed its willingness for its practices to be examined by independent experts.

PSA Peugeot Citroën signed the "Entreprises et Quartiers" Charter with the French Ministry of the City, thus solidifying its commitment to promote the economic and social development of its host communities and equal opportunities for people from neighbourhoods designated as disadvantaged in the City's urban planning policy. Its commitments deal with relations with the academic world and career guidance, workplace integration of frail or unemployed individuals and supporting local initiatives on mobility.

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. This is a 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 efficiency;
- diagnose, 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 help subsidiaries make progress in implementing and promoting diversity. Each subsidiary identifies priority action plans and carries out a self-assessment to measure the progress made and share best practice.

TOP TEN NATIONALITIES OTHER THAN FRENCH

(Consolidated Group, excluding Faurecia, at 31 December – percentage of total workforce)

	Workforce			Total	
Nationality	Automotive Division	including PCA	Other businesses	Numbers	%
Spain	10,727	172	256	10,983	10.2%
Brazil	3,533	34	158	3,691	3.4%
Argentina	3,376	14	1	3,377	3.1%
Slovakia	2,739	16	15	2,754	2.6%
Germany	2,163	34	268	2,431	2.3%
United Kingdom	2,165	42	245	2,410	2.2%
Russia	2,293	5	60	2,353	2.2%
Portugal	1,745	414	55	1,800	1.7%
Italy	1,051	192	216	1,267	1.2%
Belgium	767	31	86	853	0.8%
TOTAL	**30,559**	**954**	**1,360**	**31,919**	**29.7%**

The top ten nationalities other than French represented in the workforce accounted for 29.7% of the Group total.

The Group has over 38,358 non-French employees, i.e. 36% of employees.

The Group's workforce represents 125 nationalities.

MAKE ALL EMPLOYEES AWARE OF BULLYING

As part of the agreement on diversity and social cohesion, senior management and employee representatives wanted to raise employee awareness of the problem of moral harassment.

In 2012, an e-learning module was rolled out among Group employees in France.

The module uses interactive role-playing exercises to help employees define and identify bullying and moral harassment, anticipate situations at risk, and prevent and manage harassment situations.

At the end of 2014, 6,000 people had taken this e-learning module.

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 prepared 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.

Employees who are victims or witnesses to cases of workplace harassment, discrimination or violence may report it to human resources or, in the event of difficulty, use the traditional channels. They may anonymously alert a specific person 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 2014, 57 complaints alleging workplace harassment, discrimination or violence were reported to the Group's Human Resources Department.

33% of claims are still being investigated by the relevant Human Resources Departments or by an external authority. Of the settled complaints, 61% were not proven and 21% led to a sanction against the person(s) responsible.

3.5.1.2. GENDER EQUALITY IN THE WORKPLACE G.13 G4-LA12 G4-10

For the last ten years, PSA Peugeot Citroën has pursued an assertive policy of promoting gender balance and gender equality in its workforce. The signing in France 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.

See also section 3.3.5.1 (France).

NUMBER OF FEMALE EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS
(At 31 December)

	2013				2014			
	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	8,974	7,323	4,136	20,433	8,524	6,603	3,945	19,072
Other businesses	52	1,291	421	1,764	60	1,211	435	1,706
TOTAL	**9,026**	**8,614**	**4,557**	**22,197**	**8,584**	**7,814**	**4,380**	**20,778**

Women account for 20.3% of engineers and managers, 27.4% of technicians and supervisors and 15.0% of operators and administrative employees.

CHANGE IN THE PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS
(At 31 December)

	2012	2013	2014
% women in the workforce	19.1%	19.3%	19.3%

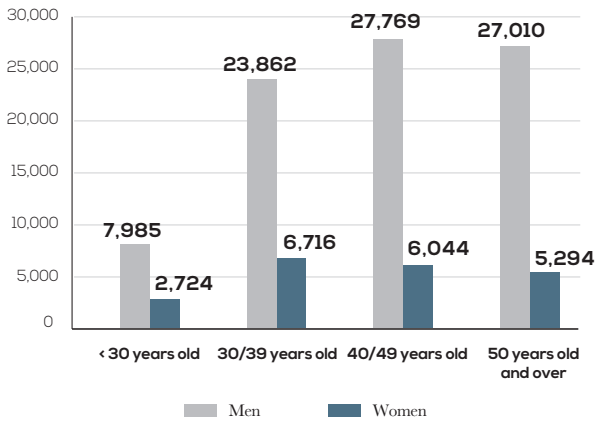
EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND BY REGION G.1B
(At 31 December)

	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	11,775	58,269	5,741	19,245	1,556	7,308	19,072	84,822
Other businesses	762	902	847	803	97	99	1,706	1,804
TOTAL	**12,537**	**59,171**	**6,588**	**20,048**	**1,653**	**7,407**	**20,778**	**86,626**

The Group has rolled out a Worldwide Diversity Commitment applicable in the main subsidiaries and countries where it is present. It is comprises of 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.

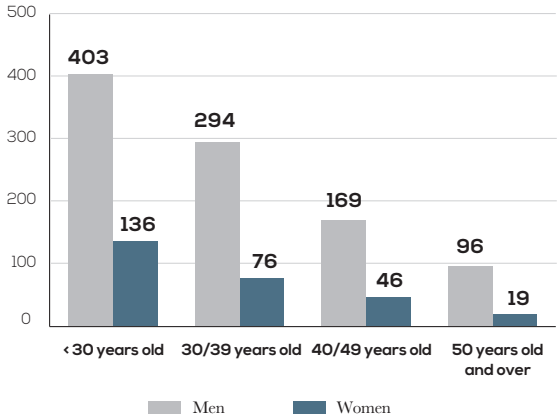
EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER G.1B G.1C G.15

(At 31 December)



HIRINGS ON PERMANENT CONTRACTS BY AGE GROUP AND GENDER

(At 31 December)



A RECOGNISED COMMITMENT

PSA Peugeot Citroën was the first "equal opportunity" certified company in France in 2005. The renewal of this label on 16 December 2014 thus marks the Group's long-term commitment and ongoing progress.

In 2011 the Group voluntarily committed to earn the first certification awarded under the Gender Equality European Standard for France, Spain, Italy and Belgium, thus reaching a real milestone in the globalisation of this commitment.

PRIORITIES AND COMMITMENTS

The agreement in France dated 26 August 2014 determines three priorities for action for the 2014-2017 period and creates new provisions:

- gender diversity in the professions: seen as a performance objective for the Group and part of its sustainable development approach, gender diversity in the professions needs to be stepped up. The agreement specifies how PSA Peugeot Citroën, 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 various departments 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 result in any lack of wage development in the year it is taken;
- 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 support and training measures because this is the means of reducing persistent gaps and is a necessary condition for Group performance and the commitment of all employees.

PERCENTAGE OF WOMEN HIRED ON PERMANENT CONTRACTS BY AGE RANGE

(At 31 December)

	< 30	30-39	40-49	>= 50	Total
No. of women recruited	136	76	46	19	277
% of women hirings	25.2%	20.5%	21.4%	16.5%	22.4%

PERCENTAGE OF FEMALE MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP
(At 31 December)

	< 30	30-39	40-49	>= 50	Total
Number of women managers	312	1,664	1,626	778	4,380
Total number of managers	940	6,220	8,549	5,869	21,578
% OF WOMEN MANAGERS	**33.2%**	**26.8%**	**19.0%**	**13.3%**	**20.3%**

	2012	2013	2014
% of women in the managerial workforce	19.7%	20.2%	20.3%

SENIOR MANAGERS
(At 31 December)

	30-39		40-49		>= 50		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	7	11	41	229	18	285	66	525
Including PCA	*7*	*7*	*33*	*164*	*15*	*223*	*55*	*394*
Other businesses	2	3	3	17	3	30	8	50
TOTAL	**9**	**14**	**44**	**246**	**21**	**315**	**74**	**575**

"Senior managers" include the senior managers in charge of implementing the Group's strategy, policies and programmes. It does not include members of the Executive Committee or senior executives.

3.5.1.3. ENCOURAGING PROFESSIONAL INSERTION

EMPLOYING YOUNG PEOPLE G.15

In 2014, as part of its programme to bring young people into the workforce, the Group welcomed 2,228 work-study programme participants (including skills-acquisition and apprenticeship contracts). In addition, 546 interns were present at 31 December.

The programme is designed to ensure the training of its youngest employees and the transfer of knowledge and expertise between generations.

INTERNSHIPS AND SKILLS ACQUISITION, APPRENTICESHIPS AND WORK-STUDY CONTRACTS BY GENDER
(Consolidated Group, at 31 December)

	Interns			Work-study contracts			o/w skill-acquisition contracts			o/w apprenticeship contracts		
	Women	Men	Percentage of women	Women	Men	Percentage of women	Women	Men	Percentage of women	Women	Men	Percentage of women
Automotive Division	263	248	51%	596	1,551	28%	131	369	26%	346	887	28%
Other businesses	18	17	51%	52	29	64%	34	12	74%	14	16	47%
TOTAL	**281**	**265**	**51%**	**648**	**1,580**	**41%**	**165**	**381**	**30%**	**360**	**903**	**29%**

EMPLOYING SENIORS G4-LA10 G4-LA12

Keeping older employees (30.1% of the Group's workforce) 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 the coexistence of the generations and knowledge transfer as an asset for social cohesion and economic efficiency.

COMMUNITY INITIATIVES

In signing the "Entreprises et Quartiers" Charter in France, the Group demonstrated its commitment to work alongside public authorities and local residents to support local economic and social development in neighbourhoods designated as disadvantaged in France's urban planning policy.

Aware that where people live can be a cause of isolation, lack of equal opportunity or discrimination, the Group is a core player in its host communities and is committed to promoting equal opportunity and diversity within the Group. In liaison with the public and educational authorities, the Group implements targeted career

guidance and professional insertion measures specifically aimed at people who have difficulty finding work, through youth employment contracts and work-study contracts.

3.5.1.4. HIRING DISABLED WORKERS

G.14 G4-LA12

Worldwide, the Group has 5,783 disabled employees. The term disabled employee is defined by various local laws. 79% of disabled employees are operators and employees, 16% are technicians or supervisors and 5% are managers.

The Group is committed to hiring and retaining disabled employees. In the Group's Automotive Division in France, 7.24% of the workforce is classified as disabled, a figure that is higher than the mandatory legal figure of 6% nationally, set in order to encourage the provision of jobs for disabled people. In addition, subcontracting contracts with the sheltered workers' sector represent an employment rate of 2.71%, bringing the overall rate of employment of disabled people to 9.95%, a figure that is significantly above the legal minimum.

For almost 15 years, the Group has been developing an assertive policy to maintain the employment of, recognise and integrate disabled people, in particular 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 the Group looks 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 disabled employees and maintain them in their jobs** by supporting these employees and offering them adjusted and adapted work solutions;
- **mobilising all those involved in coordinated management** by improving awareness of the agreement and of measures in favour of the employees concerned (local disability correspondent, social service, medical service, HR function, management, employee representatives and employees) and by setting up preventive measures.

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 2014 revenue in terms of value added purchases (revenue – cost of components and parts) of €33 million and 1,744 individuals employed (including 1,637 in the industrial sector).

In France, expenditure on integrating disabled staff was €5.2 million. Accessibility Diagnostics make it possible to do a site inventory at each site and to undertake priority investment actions.

"Disability Awareness Week" helps to better promote awareness of disabled workers throughout all working bodies (tertiary, research and manufacturing).

DISABLED EMPLOYEES G.14

(At 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2014**	**5,240**	**427**	**25**	**5,692**
	2013	5,722	477	40	6,239
	2012	5,393	532	44	5,969
Other businesses	**2014**	**61**	**30**	**0**	**91**
	2013	79	25	0	104
	2012	19	26	0	45
TOTAL	**2014**	**5,301**	**457**	**25**	**5,783**
	2013	5,801	502	40	6,343
	2012	5,412	558	44	6,014

3.5.2 HUMAN RIGHTS AND UNION RIGHTS

G.16 G.17 G.18 G.19 G.40 G.42 G4-LA16

The Group is committed to growth founded on socially-responsible principles and practices, consistently applied in every host country and business around the world.

In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

In signing the Global Framework Agreement on Social Responsibility on 20 May 2010, the Group 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 Peugeot Citroën 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 3.4.1).

The Group promotes the respect of human rights in every host country, even in regions where such respect is not always forthcoming. The Group's policies demonstrate that it is deeply committed to the Universal Declaration of Human Rights. This commitment is expressed to the public on corporate website and to employees around the world on the human resources Intranet site, with a direct link to the Universal Declaration of Human Rights on the UN website.

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 2014, the Group was not cited for non-respect of basic human rights.

TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES

G.40 G4-DMA G4-HR2 G4-HR7 G4-HR8

(For 2014)

Areas	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	4,338	1,518
Compliance with internal rules, Global Framework Agreement, ethics, data privacy guidelines, etc.	30,461	8,521
Corruption, conflicts of interest, etc.	1,831	887
TOTAL	**36,630**	**10,926**

In 2014, 10,926 employees participated in dedicated training in Human Rights policies and procedures. This included guards and security staff. When these activities are entrusted to outside companies, the latter are chosen based on this speciality and their skills and they must conform to the requirements from the Global Framework Agreement on social responsibility.

This training may be on areas very specific to the employee's role. Examples include: "anti-money laundering" training to avoid money laundering, fraud, and finance for terrorism activities, is compulsory for all finance employees. Others, concerning Human Rights and anti-discrimination practices, are specifically intended for managers and recruiters. Others were presented in the form of a module in a more general programme, such as orientation training for new hires.

Moreover, the Group's policy and procedures on Human Rights are explained on the human resources intranet site: listed are the different agreements signed by the Group, the provisions of the Universal Declaration on Human Rights, the ten Global Compact principles, etc.

THE SOCIAL AUDIT, ENSURING THE APPLICATION OF THE GROUP'S SOCIAL POLICY

G4-DMA G4-HR1 G4-HR4 G4-HR5 G4-HR6 G4-HR9 G4-SO2

On an international scale, the Group'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 the Group's social policy. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles.

So in 2014, an audit of the Group's application of the Global Framework Agreement on Social Responsibility was conducted in Portugal in both import subsidiaries, the banking subsidiary, the sales subsidiary and the Mangualde manufacturing subsidiary and in Netherlands in the Peugeot/Citroën import subsidiary. Audits on the application of the agreement on diversity and social cohesion in the company are performed based on an audit grid. These audits

lead to recommendations in light of the context and specificities of each subsidiary.

In 2014, 40 facilities (plants, branches and technical centres) were audited for application of the Occupational Health and Safety Management System (SMST), supplementing the local audits covering all subsidiaries.

As a socially responsible company, the Group shares its social requirements with suppliers. Since 2010, 51 initial social and environmental audits have been performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the deployment of the Purchasing Department's sustainable development action plan. These audits, conducted by an independent external body, lead to the implementation of corrective action plans if discrepancies are noted (see section 4.3.2).

3.6. SCOPE AND METHODOLOGY OF REPORTING G4-20 G4-22 G4-23

REPORTING METHODOLOGY

Knowing the women and men that comprise the Group is an essential prerequisite to choosing, implementing and sustainably improving the social policy of a Group of 107, 000 employees worldwide.

The Group consolidates and publishes indicators on its human resources management with three guidelines: transparency, completeness and quality of information. This social reporting process involves over 300 contributors from all the subsidiaries (33 countries), using interactive applications to compile data, led by a central team dedicated to this process.

The Group is recognised as a reference in the quality of its extra-financial reporting that meets the legal reporting requirements (Articles L. 225-102-1 and R. 225-105 of the French Commercial Code – legislative framework of Grenelle 2) but also international reporting standard guidelines (Global Reporting Initiative) and the requests from stakeholders, in particular corporate partners and extra-financial rating agencies.

The Group engages in dialogue beyond its internal stakeholders by regularly meeting with trade unions at the international, European, confederal and federal levels. It also takes part in the work and discussions of various bodies which promote responsible human resources practices: ORSE, IMS Entreprendre pour la Cité, the Arborus fund, Entreprise et Personnel, ANDRH, C3D, CFIE, etc.

SCOPE OF REPORTING

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, for the Group:

- the "Automotive" scope includes the Automotive Division, SCEMM, Française de Mécanique and Sevelnord;
- the "Other Businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy, and Banque PSA Finance (BPF).

Banque PSA Finance (BPF) publishes its own CSR information. PSA Peugeot Citroën is not required to present BPF's CSR data separately.

Française de Mécanique came into the scope of this reporting on 1 January 2014 due to the Group's increased stake in its capital.

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 51.14% interest and which has, taking into account its business activity, complete managerial autonomy.

DEFINITIONS

Results and approaches are listed for each indicator present in this chapter. The definitions of the rule of calculation or reference conventions used are international standards.

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."

POLICIES AND MANAGEMENT SYSTEMS

Policies have been set after analysing the Group's priorities, to ensure its operational efficiency, its sustainable development and to meet the differing expectations of its internal and external stakeholders. They apply the principles of tangibility and responsiveness. This section deals with three of these policies: health and safety (see section 3.4), human resources development (see section 3.3) and the social relations policy (see section 3.1).

They help define and implement the "Management Systems" which describe in full detail the requirements and their stages of maturity. These management systems are described in the form of matrices, forming the operational "road map" for the various actors in the Company (HR, managers or employee representatives).

Each time the document refers to a policy, this applies to all Group companies except Faurecia, unless otherwise stated. This applies in particular to the following topics: the social relations policy including organising social dialogue, measures taken to ensure gender equality and the anti-discrimination policy, the occupational health and safety policy, and the human resources development policy, including training policy and systems. Additional information may relate to only one company or group of companies and the scope of application will be specified. Where it is not, the information should be understood as relating to Peugeot Citroën Automobiles.

4 RESPONSIBLE PURCHASING POLICIES FOR THE ENTIRE SUPPLY CHAIN

The Purchasing Division is responsible for drawing up and managing purchasing policy for goods and services as part of the automotive activities of the PSA Peugeot Citroën worldwide. 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 Division'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. In response to these issues, PSA Peugeot Citroën has implemented the following strategies.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
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	Keep CO_2 emissions from PSA Peugeot Citroën transport at 2015 levels in 2025, for similar requirements	New public commitment	CO_2 emissions from the upstream supply chain worldwide: 286,269 t of CO_2 in 2014	Stabilise our CO_2 emissions from the upstream supply chain worldwide

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

4.1. RESPONSIBLE PURCHASING AS A KEY ELEMENT OF GROUP PERFORMANCE

Purchasing is central to the Group international development and to its integration in the industrial ecosystems of the countries where it operates.

4.1.1. THE SUPPLY CHAIN OF THE GROUP G.39 G4-12 G4-13

CHARACTERISTICS OF THE PSA PEUGEOT CITROËN'S SUPPLY CHAIN

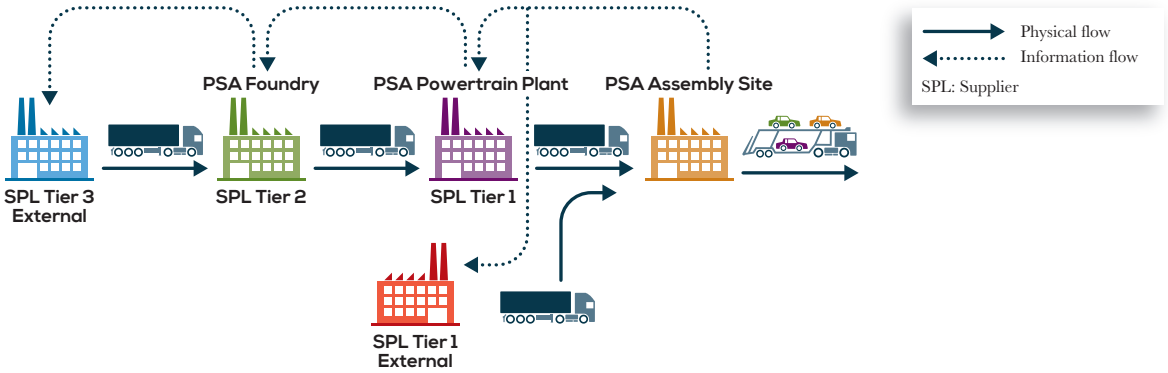
The supply chain links all Group players responsible for the flow of goods and information, from the supplier to the end customer, with a view to delivering the right product (parts, vehicles or spare parts) to the right place at the right time, with a common objective to improve customer satisfaction in terms of delivery time and quality, stocks and costs.

The PSA Peugeot Citroën'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.

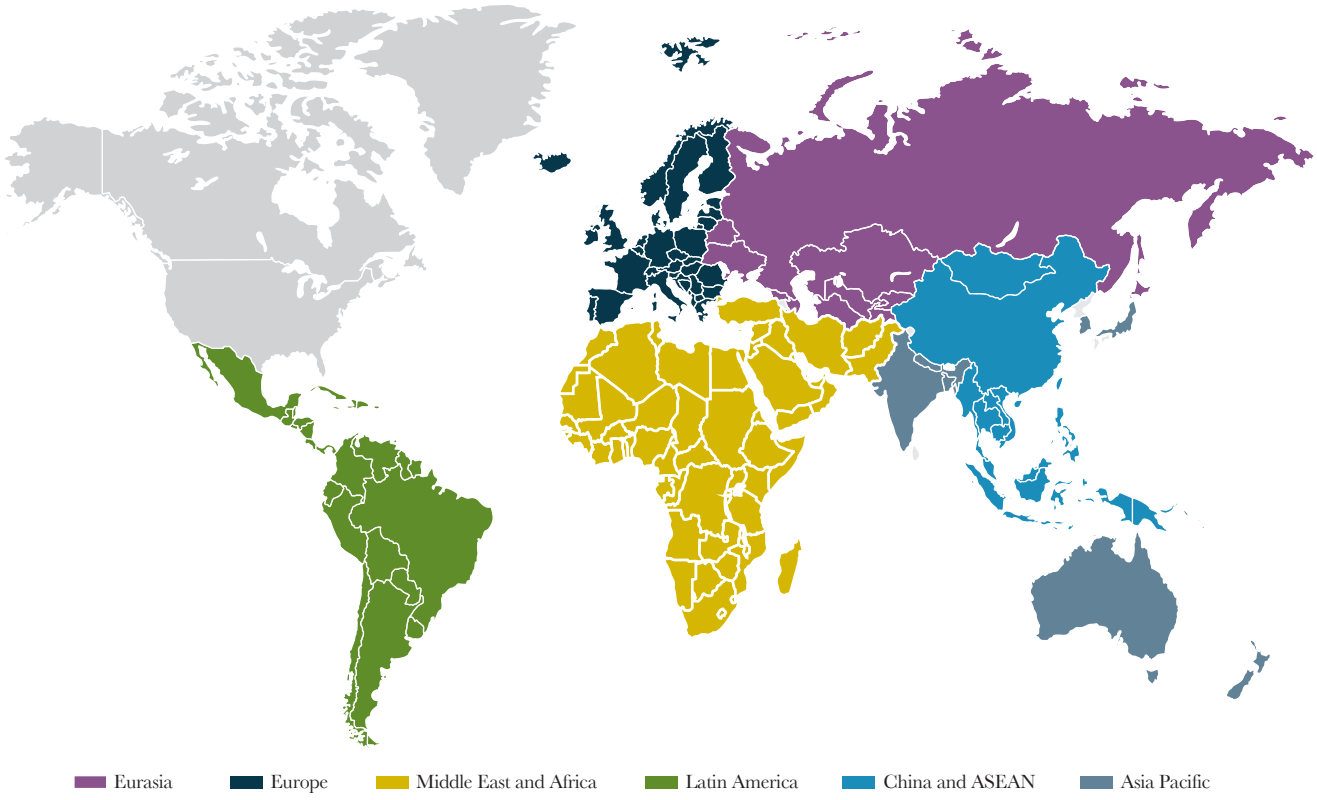
The PSA Peugeot Citroën has chosen to sub-contract its transport to an external supplier.

DIAGRAM OF THE PSA PEUGEOT CITROËN SUPPLY CHAIN



KEY SUPPLY CHAIN FIGURES

ORGANISATION BY REGION



NB: Change in 2014: The "Back in the Race" plan strengthens ties with suppliers and introduces steering and monitoring at regional level.

WORLDWIDE PURCHASES BY REGION IN 2014

	Europe		Eurasia (including Russia)		Latin America		China and South-Asia		
	Value	%*	Value	%*	Value	%*	Value	%*	Total
Direct material	16,156	95%	102	1%	760	4%	13	0%	17,030
Spare parts	1,368	98%	0	0%	33	2%	0	0%	1,401
Indirect Machinery & Equipment	2,691	92%	0	0%	230	8%	0	0%	2,921
TOTAL	**20,215**	**95%**	**102**	**1%**	**1,023**	**15%**	**13**	**0%**	**21,352**

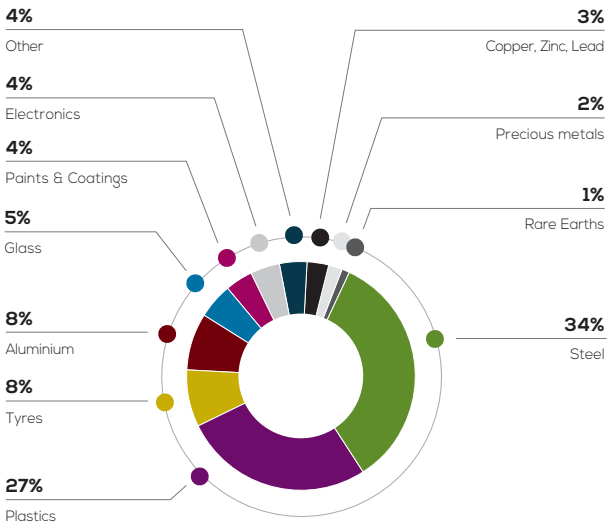
* *Percentage of total value of purchases.*

Purchases by the PSA Peugeot Citroën Automotive and Banking Divisions in 2014 totalled €21.4 billion, equivalent to 39.9% of the Group's revenue. As at 1 January 2014 purchases of automotive parts (standard and spare parts) worldwide came from 1,418 supplier groups and independent suppliers, i.e. 3,258 supplier production sites.

TYPE OF PURCHASES

The PSA Peugeot Citroën purchases:

- direct material:
  - standard vehicle parts and subassemblies (52% of value of total purchases). The direct material purchased represent more than 75% of a vehicle's production cost,
  - materials (28% 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 (14% of the total value of purchases).

Of all Indirect Machinery & Equipment, those of BPF totalled €27.6 million with total BPF purchases amounting to slightly over €57.3 million. BPF's purchases consist mainly of consulting and IT products and services, and do not pose any special issues related to risk management in general or CSR in particular. They are treated the same as other similar purchases by the Group.

4.1.2. THE GROUP'S PURCHASING STRATEGY

A PURCHASING STRATEGY BASED ON PARTNERSHIPS AND LOCAL SOURCING

G.34 G.38 G4-13

In light of its financial impact in its host communities, PSA Peugeot Citroën is committed to making high-quality supplier interactions an integral part its strategy. This means building a smaller but stronger supplier panel, focusing on a limited number of companies selected for their operational efficiency, with which the Group establishes transparent partnerships.

As technology plays an important part in the components purchased to manufacture its vehicles, technological, quality, logistical and financial performance 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, survivability and social and environmental responsibility.

SUPPLIER RELATIONSHIP MANAGEMENT

The Group places great importance on forging long-lasting 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.

As a complement to this programme, the Group aims by 2020 to certify some 100 core suppliers as able, because of their strong financial structure and capacity to innovate, to help further the development of the Group, especially internationally.

In developing its "2 l/100 km" (petrol powered) vehicle project, PSA Peugeot Citroën has built partnerships with its strategic suppliers in terms of weight reduction, aerodynamics, hybridisation and tyre rolling resistance in order to achieve emission levels of 46 grams of CO_2 per 100 kilometres. Work is, for instance, underway with Arcelor on the technical properties of the steel and with Michelin on the rolling resistance.

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
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
Focus on a global core model strategy	Help the Group roll out its new model projects worldwide
Ensure profitable growth worldwide	Respond to the Group's need to increase its local sourcing
Enhance core competitiveness	Modernise and adapt their manufacturing facilities to the highest international standards

THE PURCHASING ALLIANCE 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 Peugeot Citroën 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 Peugeot Citroën new generation platform.

The first vehicles produced by the PSA Peugeot Citroën/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 Peugeot Citroën's plant in Sochaux (for the segment C-CUV vehicles).

The purchasing collaboration continues and initial results are positive:

- Joint Purchasing Organisation – JPO;
- savings of €60 million in 2013;
- over 90% of the savings targeted for 2014-2015 have been secured.

4.1.2.1. AN ORGANISATION THAT FOSTERS RESPONSIBLE PURCHASING

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. It is responsible for the core purchases made by Banque PSA Finance (BPF).

PURCHASING PROCESS CARTOGRAPHY

The 1,096 PSA Peugeot Citroën purchasing professionals are located as close as possible to the Group's target markets and follow the Purchasing Organisation's five macro-processes:

- **manage the Purchasing Organisation**: organisation and management of the Group's purchasing units worldwide;
- **manage the Supplier Relationship**: manage value creation between PSA Peugeot Citroën and its suppliers, and risk management;
- **define the purchasing policies**: define the strategy for the different purchase groups in line with the worldwide data for the market in question;
- **award new business**: engage consultation, analyse offers and select suppliers in line with requirements;
- **fulfill contracts**: manage the supplier relationship with a focus on project development and the life of standard, replacement and Indirect Machinery & Equipment.

PURCHASING PROCESS CARTOGRAPHY

A GLOBAL ORGANISATION

In the Supplier Development Department (SD) there is a dedicated team of quality/ Lean manufacturing experts responsible for working with suppliers' production sites to help them improve their quality and industrial performance. 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 figures for suppliers currently in development or online are consolidated on a worldwide basis. These are used to guide supplier relationship at the corporate level and are put into the supplier application package.

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 BUYERS

The PSA Peugeot Citroën buying 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 about 422 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.

4.1.2.2. RISK MANAGEMENT AS PART OF PURCHASING POLICIES G.34

As a result of the many crises the automotive sector has endured in recent years, the PSA Peugeot Citroën 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

The PSA Peugeot Citroën's purchases can be broken down into 572 different groups to which the Purchasing Organisation applies a multi-criteria (quality, logistics, financial, CSR, etc.) risk analysis to allow it to draw up a "Technology and Manufacturing Purchasing Policy" for each category of goods. The policy is drawn up by the buyers in collaboration with specialists from other divisions of the Group: financial analysts, logistics experts, quality experts, engineers, etc.

THE DIFFERENT TYPES OF RISK

- **Raw materials risk:**

The supplier relationship plays a vital 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 for each type of raw material the following risk factors: presence in the vehicles, availability and accessibility of reserves, economic cost, etc., with a view to managing and securing Group supplies over the long term and directing its R&D activities towards substitute 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 risk:**

The Purchasing Organisation analyses the financial results of the Group's main suppliers and compiles information about their industrial strategies, assesses the impact on the supplier panel of PSA Peugeot Citroën's "make-or-buy policy", analyses the socio-economic impacts of the Group's industrial choices and verifies that suppliers comply with the Group's social and environmental specifications.

Since the economic and financial crisis of 2008, which impacted suppliers heavily, the Group has tracked suppliers even more closely. The financial performance of all suppliers is analysed, which makes it possible to identify any critical suppliers of insolvency. Their situation is presented each month to the Purchasing Executive Committee which validates the action plans and may suggest an active fall-back plan. This committee also continues to monitor the commitments made by the Group to confront the crisis affecting the French automotive industry (faster payments to suppliers and compliance with the High Performance and Best Practices Code), is actively involved in the work of the PFA – a platform set up in France in 2009 to foster on-going discussion and exchange between auto industry stakeholders – and has also maintained its participation in the FAA (formerly FMEA) fund established to support automotive equipment suppliers by promoting friendly mergers between small- and medium-sized businesses, international expansion and innovation.

In 2014, preventative and curative monitoring of suppliers at a high risk of defaulting on social and economic factors was applied to 45 cases representing approximately 4.6% of total purchases, compared to 74 and 83 cases in 2013 and 2012 respectively. As a point of comparison, the number peaked in 2009 with 100 such suppliers, representing 15% of total purchases.

› **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.

The following countries, identified as being at critical risk, are monitored monthly: Argentina, Israel, South Africa, Tunisia, Turkey, Ukraine and Brazil.

› **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 Peugeot Citroën in innovation projects;
- suppliers who are the only source of a product or component;
- suppliers for whom PSA Peugeot Citroën purchases represent over 30% of their annual revenue;
- suppliers whose failure to adhere to a CSR policy could damage PSA Peugeot Citroën's reputation.

Critical suppliers account for 50% of the Group's total suppliers.

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: "Supplier Relationship Management" (ESR), 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.

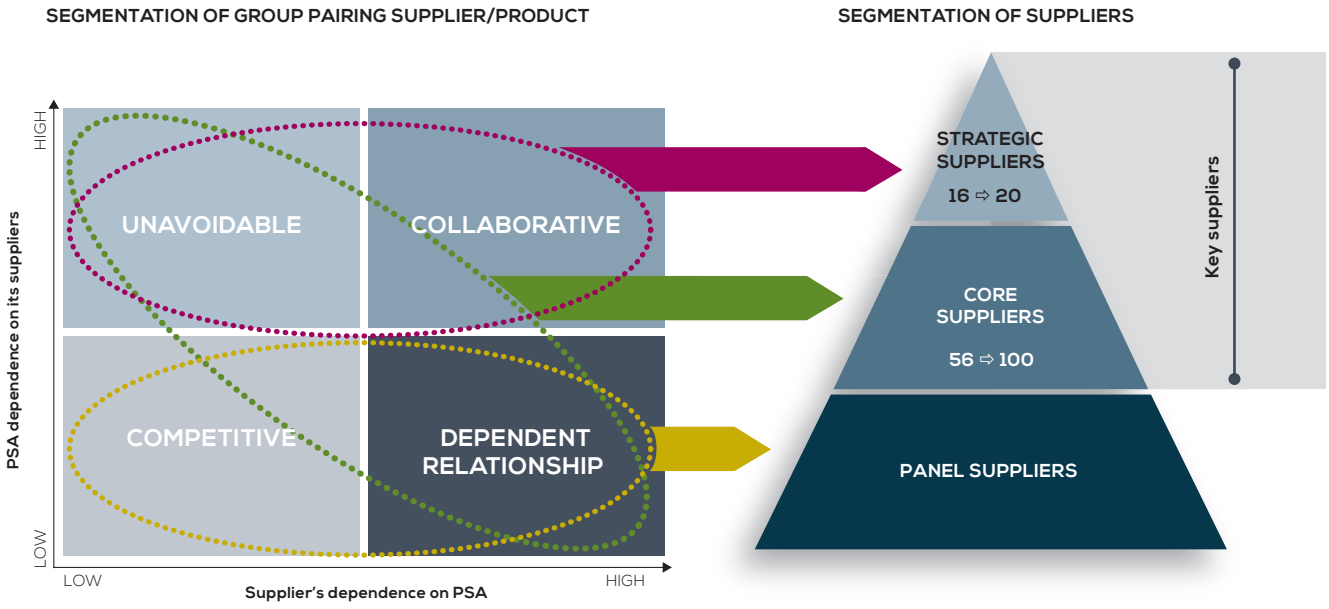
4.2.1. BETTER MANAGEMENT OF THE SUPPLIER RELATIONSHIP G4-DMA

4.2.1.1. SEGMENTATION OF ITS SUPPLIER PANEL: BETTER GOVERNANCE AT THE RIGHT LEVEL

The supplier/product group pairings are split into four categories according to the level of interdependence with PSA Peugeot Citroën:

- category A: unavoidable supplier: PSA Peugeot Citroën is highly dependent on the supplier for this product group;
- category B: collaborative relationship: PSA Peugeot Citroën and its supplier rely strongly on each other for this product group;
- category C: dependent relationship: the supplier relies strongly on PSA Peugeot Citroën for this product group;
- category D: competitive relationship PSA Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën.

A strategic supplier is a supplier with whom PSA Peugeot Citroën 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 Peugeot Citroën anywhere in the world;
- enjoy a significant market share for the groups of strategic components it develops and produces for PSA Peugeot Citroën;
- have unequivocal expertise and know-how and an exciting innovation dynamic and be willing to share these with PSA Peugeot Citroën.

The strategic supplier relationship is managed from the highest echelons of both the Group and its suppliers.

At end-2014: 16 suppliers classed as "strategic".
2020 target: 20 suppliers classed as "strategic".

Core suppliers: recognised technical expertise that is valued by the Group.

A core supplier is a supplier which fits the manufacturing and purchasing strategy of PSA Peugeot Citroën and its collaborations, plays an important role in meeting Group objectives and contributes to the development of the automotive sector in its region (Europe, Latin America or China, for example).

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 Peugeot Citroën among its best clients;
- meet the basic criteria of a supplier relationship: Quality, General terms and conditions for external supply contracts (CGFE -*Conditions Générales de Fournitures Extérieures*), Terms and Conditions of Employment (ESE – *Emploi Salariés d'Entreprise*), sustainable development, etc.

At end-2014: 56 suppliers classed as "core".
2020 target: 100 suppliers classed as "core".

In 2014, strategic and core suppliers together accounted for almost 40% of the direct material revenue.

4.2.1.2. THE SUPPLIER RELATIONSHIPS IS GOVERNED BY CLEAR, FORMALISED PRINCIPLES

The aim of the Excellence in the Supplier Relationship Management (SRM) initiative is:

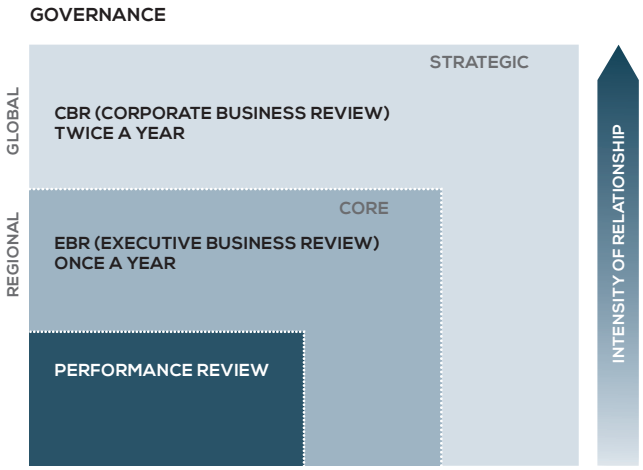
- to work closer with some of our suppliers, specifically through a stronger, better-targeted governance, to create value for both parties over a broad spectrum (strategic vision, innovation, R&D processes, globalisation, simplification of the quality processes, optimisation of logistics performance, etc.);
- reduce the number of PSA Peugeot Citroën'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 Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën's most important suppliers in terms of revenue.

In 2014, 20 supplier groups accounted for more than 50% of the Group's purchases of standard products (Aisin Seiki Co.Ltd, Arcelor Mittal, CLN-Coils Lamiere Nastri SpA, Compagnie Générale des Établissements Michelin, Continental AG, Corporation Gestamp SL, DPH Holdings Corporation (Delphi), Faurecia, Financière SNOP Dunois, Johnson Controls inc., JTEKT Corporation, Lear Corporation, Leoni AG, Magneti Marelli SpA, Plastic Omnium, Robert Bosch GmbH, Total S.A., TRW Automotive, Valeo, Visteon Corporation.

4.2.2. PARTNERSHIP WITH OUR 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 Peugeot Citroën 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 PRF (monozukuri sites, eco-PRF 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.

A PARTNERSHIP MEASURED BY AN ANNUAL SURVEY

The Purchasing Organisation's annual survey of its strategic and core suppliers measures the quality of their relationship. The suppliers questioned account for 70% of total purchases. 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. For instance, the Purchasing Organisation undertook a central initiative (ECO-PRF) with its strategic and core suppliers which allowed them to reduce the cost price of a vehicle.

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. This provides suppliers with all the information they need to adapt/optimise 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 15 SIDs are held each year with equipment manufacturers of all sizes. Between 200 and 350 PSA Peugeot Citroën 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 Peugeot Citroën's strategy is shared with the Group's technical teams and the supplier, thereby improving future collaboration between PSA Peugeot Citroën and its suppliers.

A PARTNERSHIP WHICH PROMOTES PERFORMANCE: SUPPLIER AWARDS:

Each year, the Purchasing Organisation presents awards to the best suppliers in six categories: savings, value creation, programme management, production quality, plant performance, after-sales performance. In 2014, 18 suppliers received a "corporate" award, 96 supplier sites were honoured and 11 suppliers praised for their contribution to the 308, which was voted car of the year.

COMMITMENT TO THE EUROPEAN AUTOMOTIVE INDUSTRY

To foster ongoing improvement and ensure better deployment of its responsible purchasing policies throughout the supply chain, the PSA Peugeot Citroën is collaborating with nine other European car makers in the "European Automotive Working Group on Supply Chain Sustainability" coordinated by CSR Europe. The work centres around four pillars:

- share the experiences of each company in terms of responsible purchasing;

- develop and deploy common software in the interest of making each carmaker's CSR programme more effective;
- collaborate in joint projects to improve control of the subcontracting chain;
- prepare a common message to communicate to our suppliers and subcontractors what is required and expected of them in terms of CSR in the automotive industry.

To date, the Group has put together:

- joint CSR guidelines with the members of the AIAG (Automotive Industry Action Group);
- a joint supplier evaluation questionnaire.

4.2.3. LOCAL SOURCING, A KEY ELEMENT OF THE PSA PEUGEOT CITROËN PURCHASING POLICIES G.34 G4-EC9

Economic insight:

The automotive markets in Latin America and Russia are expected to grow by around 38% and 44% respectively between 2013 and 2022. The Group's "Back in the Race" plan sets local sourcing targets of 80% for Latin American and 50% for Russia in 2025.

Local sourcing gets round the core risk of currency fluctuation which impacts on the manufacturing cost price, margins and sales volumes.

The PSA Peugeot Citroën is targeting growth of 45% in Latin America and 44% in Russia over the period 2013-2022.

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).

For instance, the front bumper beams of vehicles manufactured in Latin America are made from (local) sheet metal rather than aluminium (components imported from Europe). This substitution can save €5.30 on the average weighted price of a vehicle. Using a multimedia unit with integrated navigation, a product that is only available in Latin America, would generate a potential saving of €50 per vehicle (average weighted price).

Finally, local sourcing also contributes to economic development: the number of jobs created in the Sul-Fluminense cluster – a group of suppliers around the production sites – grew by 500% between 2000 and 2011.

ORIGIN OF PARTS (STANDARD AND REPLACEMENT) BOUGHT FROM TIER 1 SUPPLIERS BY PSA PEUGEOT CITROËN PRODUCTION SITE

Year 2014

PSA Peugeot Citroën plants				
Origin of the Parts (Tier 1 suppliers)	**France**	**Europe excl. France**	**Russia**	**Latin America**
Europe	91.25%	93.92%	3.39%	0.00%
France	49.81%	14.87%	1.95%	35.00%
Outside France	41.44%	79.05%	1.44%	0.00%
Russia	0.00%	0.00%	96.61%	0.00%
Latin America	0.13%	0.05%	0.00%	64.00%
Rest of the world	8.61%	6.04%	0.00%	1.00%

The local sourcing ratio is the value of local purchases from tier 1 suppliers divided by the total value of the plant's purchases, excluding deliveries between Group plants. For instance, the local area for the Trnava plant is the Central and Eastern Europe zone, which covers the following countries: Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Czech Republic, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine.

PSA Peugeot Citroën 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.

IN EUROPE:

- 91% 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 55% at the end of 2014.

Thanks to its deep manufacturing roots in France, PSA Peugeot Citroën has once again made a positive contribution to France's balance of trade, with a €4.721 billion surplus and an positive import-export balance of 310,000 vehicles. The 5.3% increase in this figure over 2013 makes PSA Peugeot Citroën the third largest exporter in the country. With over 971,000 vehicles produced in 2014, PSA Peugeot Citroën is on track to meet the commitment it made in the "New Social Contract" to produce 1 million vehicles in France in 2016. To maintain a strong industrial base in France, PSA Peugeot Citroën 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 14 vehicles manufactured at its French plants (Mulhouse, Poissy, Rennes, Sochaux): 8 Peugeot vehicles (208 GTi, 208 XY, 308 and 308 SW, 508, 2008, 3008 and 5008), 3 Citroën (Citroën C3, C4, C5) 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. As an example, the fraction of value produced in France for the Peugeot 208 GTi and XY is as high as 76%, and for Citroën C3, C4 and C5 models it averages 72%.

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.

STRONG COMMITMENTS: TWO EXAMPLES OF THE FRENCH AUTOMOTIVE INDUSTRY AND SUPPLIER CLUSTERS

THE FRENCH AUTOMOTIVE INDUSTRY

PSA Peugeot Citroën 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 Peugeot Citroën 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 Peugeot Citroën actively contributes to the work of the Automotive Industry Platform (*Plateforme de la Filière Automobile* – 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. An example which comes to mind is the stamping division: a detailed list of players and capacity requirement for the next few years was drawn up which led to a number of appropriate consolidation proposals being put forward. These are currently being examined;

- PSA Peugeot Citroën 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 fund the modernisation 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. Work on this was undertaken with stakeholders in 2014.

SUPPLIER CLUSTERS

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

A similar cluster, the Cluster Automotivo Bonaerense, was established, also by the impetus of PSA Peugeot Citroën, around the Buenos Aires site in Argentina and covering the entire Province of Buenos Aires. It currently comprises eight companies, including PSA Peugeot Citroën, Faurecia Sièges, Saint-Gobain and Groupe Antolin. And there is also an early engagement in place with 12 other companies.

4.2.4. PSA PEUGEOT CITROËN'S STRONG COMMITMENT TO THE ADAPTED SECTOR G.37

For over 20 years, PSA has been sourcing direct material (beams, headliners, crank gears, etc.) from the adapted sector. 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.

- services purchased from the protected sector represent €33 million;
- 4,500 industrial products;
- 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;
- 1,747 beneficiaries (Full-Time Equivalent disabled workers from the sheltered or adapted sectors), of whom 1,726 are in manufacturing, corresponding to 2.7 employment percentage points of disabled individuals at Peugeot Citroën Automobiles S.A. (PCA) in France.

PSA Peugeot Citroën is still France's number one buyer from the adapted sector (Sheltered workshop, Industrial Rehabilitation Centres).

4.3. SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING

To implement its purchasing policies, the PSA Peugeot Citroën, 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

G.38 G.39 G.42 G4-DMA G4-EN32 G4-EN33 G4-LA14 G4-LA15 G4-HR1 G4-HR10 G4-HR11 G4-S09 G4-S10

CSR is a global initiative. To ensure progress made in this area is sustainable, all stakeholders must be involved. When it joined the Global Compact on 9 April 2013, PSA Peugeot Citroën 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.

SIGNATURE OF THE CHARTER: "PSA PEUGEOT CITROËN'S CSR REQUIREMENTS OF ITS SUPPLIERS"

In 2006 the PSA Peugeot Citroën set out its CSR requirements in a reference document "PSA Peugeot Citroën'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;
- uphold freedom of association and the effective recognition of the right to collective bargaining;
- elimination of any forms of forced or compulsory labour;
- effectively abolish child labour;
- eliminating discrimination in terms of hiring and occupation;
- anti-corruption measures and the prevention of conflict of interests;
- 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 an environment quality management system (ISO 14001);
- implementation of an environmental policy for research;
- discontinue 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 2014, 927 suppliers had committed, equating to 92.5% of purchases.

This document is included in the purchase contract and the Group's purchasing processes and is also available on its B2B portal.

INCORPORATING SOCIAL AND ENVIRONMENTAL CRITERIA IN THE PURCHASING PROCESSES

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 panel is automatically subject to compliance with: environmental principles, labour and human rights practices (non-discrimination, freedom of association and the right to collective bargaining, child labour, forced or compulsory labour, security and anti-corruption practices). 100% of new suppliers are assessed before they are admitted to the supplier panel.

PSA Peugeot Citroën 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 Peugeot Citroën 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.

A SIGNIFICANT CONTRIBUTION TO THE GROUP'S ENVIRONMENTAL OBJECTIVES

Suppliers are implicated 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 Peugeot Citroën is a member (see Chapter 2).

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.).

Since the 2010 Dodd Franck Act, the PSA Peugeot Citroën also questions its suppliers to ensure they do not source minerals from illegal rings which finance armed groups in conflict zones, in compliance with the US "conflict minerals" legislation, even though it is not bound by this legislation.

4.3.2. STEPPING UP SOCIAL, ENVIRONMENTAL AND SOCIETAL AUDITS

G4-DMA G4-EN32 G4-EN33 G4-LA14 G4-LA15 G4-HR4 G4-HR5 G4-HR6 G4-HR10 G4-HR11 G4-HR12 G4-SO9 G4-S10

SUPPLIER EVALUATION SYSTEM

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 evaluation.

The objective of this evaluation is threefold:

- to allow the supplier to see where it sits in terms of PSA Peugeot Citroën 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 2014 SUPPLIER PRODUCTION PLANT EVALUATION

Self-assessment of 700 supplier production plants	Green	Orange	Red
Global rating	92%	8%	0%
Social factors	94%	6%	0%
Environmental factors	98%	2%	0%
Handling subcontractors	76%	19%	5%

EVALUATION BY AN EXTERNAL COMPANY

Starting this year, the Group has commissioned an external evaluation to supplement its supplier evaluation process. This initial step has helped pinpoint supplier risks to a greater degree.

External evaluation questionnaires	
Number of suppliers questioned	52
Response rate	83%
Suppliers given green rating	67%
Suppliers given orange rating	15%

AUDITS

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 Peugeot Citroën 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.

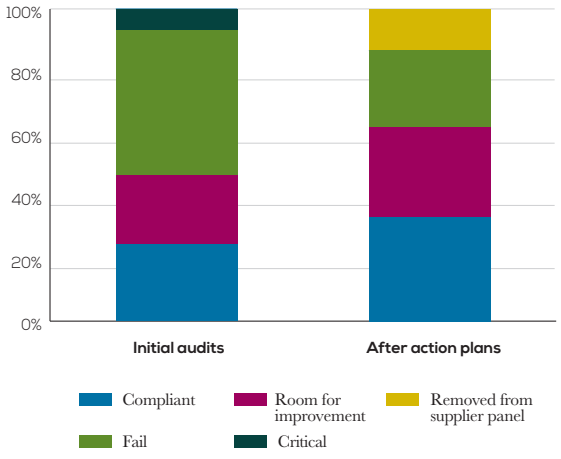
If necessary, an audit may be commissioned to check the action plan has been implemented.

Since 2010, 51 social and environmental audits have been performed at suppliers ranked 1, 2 or 3.

RESULTS OF THE 2014 AUDITS

General organisation	Sub-topics	Observations	Non-compliance Minor	Non-compliance Core	Non-compliance Critical	Total
CSR policy	CSR policy	0	3	0	0	3
Human Rights	Uphold freedom of association and the effective recognition of the right to collective bargaining	1	2	0	0	
	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	1	0	0	0	
	Anti-corruption measures and the prevention of conflicts of interests	0	3	0	0	
	Labour organisation and disciplinary practice	0	1	7	0	17
Working conditions	Remuneration	0	2	5	0	
	Working hours	0	3	18	0	28
Workplace Health and Safety	Organisation	1	8	6	0	
	Buildings	0	0	6	0	
	Fire prevention	3	5	17	1	
	Machines/electrics	0	7	1	0	
	Hazardous substances	0	6	13	0	
	Canteen	0	1	0	0	
	Dormitories	0	0	1	0	76
Environment	General organisation	0	2	5	1	
	Waste	0	0	2	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	19
Management system	Supply chain	3	6	2	0	11
	TOTAL	**9**	**56**	**86**	**3**	

CHANGE IN CSR PERFORMANCE OF SUPPLIERS AUDITED BETWEEN 2008 AND 2014



HUMAN RIGHTS 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

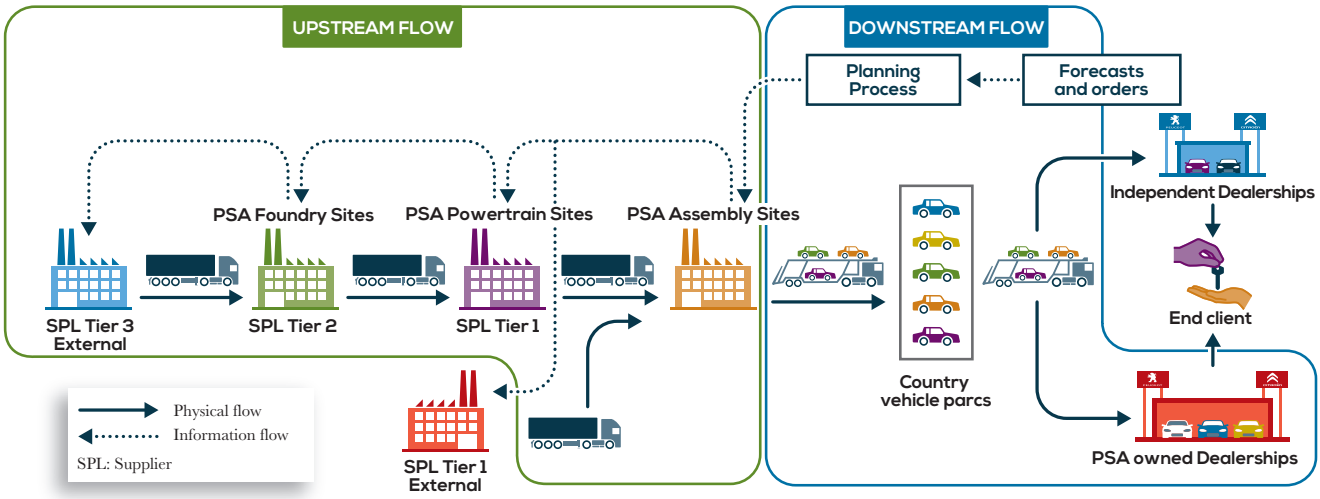
To keep a firm hand on the subcontractor chain requires optimisation of the supply chain. The environmental impact of transport is far-reaching, from localised pollution (sound, air pollution, etc.) to global warming. Evaluating the impact of transporting the products, goods and materials through the 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. Studies were conducted 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 PEUGEOT CITROËN TRANSPORT POLICY

PSA Peugeot Citroën 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 Peugeot Citroën 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.

A review of the global architecture of the procurement flows, begun in 2014, aims at improving transport costs upstream (parts) and downstream (vehicles) and reducing the environmental impact:

- a CO_2 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 Peugeot Citroën suppliers to all PSA Peugeot Citroën 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 CO_2 emissions by thousands of tonnes a year.

THE DIFFERENT FLOWS BROKEN DOWN BY MODE OF TRANSPORT (EUROPEAN PLANTS 2014)

Breakdown of mode of transport (%)	Upstream	Downstream (to intermediary stores)	Downstream (to distributors)
Rail	0.5	23	0.0
Road	97	44	100
River/sea	2.5	33	0.0

ACTIONS UNDERTAKEN

Actions	PSA Peugeot Citroën initiatives	Profits/Results achieved by PSA Peugeot Citroën
Ex works price	Overview of entire flows	Better control of the transport plan
Fill rate of the trucks	Implementation of a tool for checking the theoretical fill rate of the trucks in accordance with daily orders 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	Rework of the plans	Transit from Spanish suppliers via Vigo instead of Le Havre thus reducing the road distance travelled 1,000 km less per truck, i.e.: 200 x 1,000 = 200,000 km/year Parts from Slovakia now transported by train rather than road which removes the need for 934 trucks/year
	All packaging is sustainable and reusable	Waste reduction (98% sustainable packaging) Packaging deemed to be non-reusable is reused up to three times on the intercontinental flows, as for spare parts
Optimisation of packaging and volumes transported	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	Volume of parts transported in one vehicle reduced by 1 m3 minimum (compared to vehicle replaced or equivalent). These targets have been incorporated into the vehicle projects with a launch date post 2016. The same initiative has been extended to optimisations during standard production
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 now; barges used between Ottmarsheim and Antwerp to supply the intercontinental flows, which takes 600 trucks/year off the road; use of train to transport vehicles between Italy and France.

SUMMARY OF CO_2 EMISSIONS IN TONNES BY FLOW TYPE

Scope	Mode of Transport	CO_2 emissions in tonnes 2013	CO_2 emissions in tonnes 2014
UPSTREAM Transport	**Road**	**249,498**	**221,255**
	Air	30,915	16,430
	Rail	2,139	1,199
	Sea	54,880	47,385
	Total	**337,432**	**286,269**
DOWNSTREAM transport	**Road**	**105,910**	**126,732**
	Rail	5,748	6,615
	Sea	18,615	22,847
	Total	**130,273**	**156,194**
TOTAL		**467,000**	**442,463**
CO_2 from transport/manufactured vehicle		0.23	0.236

4.4.2. RESTRUCTURING EMPLOYEE TRAVEL G4-EN4 G4-EN17

PSA PEUGEOT CITROËN EMPLOYEES BUSINESS TRAVEL – CARBON EMISSION REPORT (IN KG OF CO_2)

	Plane	Train
Year 2013	15,557,237	154,190
Year 2014	14,266,992	129,077

The PSA Peugeot Citroën'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 through the Group since the start of the year. In the space of a year more than 1,400 employees have chosen this new mode of working, making the PSA Peugeot Citroën among the top employers in terms of remote working;
- **encourage the use of remote meeting tools** (audio, online meeting system, video conferences). The number of business trips fell by 8% between 2013 and 2014:
  - for meetings involving several attendees in different geographical regions, PSA Peugeot Citroën 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 Peugeot Citroën site locations. Video-conferencing rooms have been installed at 12 PSA Peugeot Citroën sites worldwide,
  - for small committee meetings, all the Group's laptops are equipped with an audio and video system;
- **offer a car sharing solution:**

The PSA Peugeot Citroën is developing an employee car sharing solution: "SHARE YOUR FLEET". This new service covers its employees' mobility needs for business journeys and travel between sites. It is currently being tested by some 100 employees in the Paris region and from 2015 could become accessible to all Group employees and also cover private use (paid use for evenings and weekends);

- **favour rail travel:** for six destinations in France: Marseille, Bordeaux, Rennes, Lyon, Strasbourg and Nantes;
- **fall in the average emissions of the service vehicle fleet.**

PSA Peugeot Citroën 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 CO_2 emission cars in the fleet.

A review was carried out in June 2014 to further reduce the CO_2 impact.

AVERAGE CO_2 EMISSIONS FROM SERVICE VEHICLES – FRANCE

(in g/km)	09/2013	12/2013	03/2014	06/2014	09/2014	12/2014
CO_2 level	119	116	117	115	114	114

4.5. SCOPE OF REPORTING

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 concordance ratio with the indicators of the GRI G4 reference and a concordance ratio with the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) are available 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).

SCOPE OF CONSOLIDATION AND COVERAGE RATE

Joint ventures: the scope of reporting 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.

Within these joint ventures, PSA Peugeot Citroën performs its role as a shareholder and industrial partner with a long-term growth outlook.

The Peugeot Citroën Group holds shares in these industrial automotive joint ventures or joint operations:

- TPCA, located in Kolín in the Czech Republic, a joint operation with Toyota;
- DPCA, located in Wuhan and Xiangyang, Hubei Province, China, a joint venture with DongFeng Motor Corp.;
- CAPSA, located in Shenzhen, China, a joint venture with China Changan Automobiles;
- Sevelsud, located in Val di Sandro, Italy, in cooperation 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 Peugeot Citroën holds 70% of the shares.

The scope of the Banking Division: the data for Banque PSA Finance is included in this reporting.

The data in this chapter has a 95% coverage ratio.

The figures given in this chapter have been verified by an external firm, Grant Thornton, according to the principles set out in appendix 8.

5

INDUSTRIAL ECOLOGY WITHIN THE GROUP'S MANUFACTURING PLANTS

PSA Peugeot Citroën 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 Chapter 1.3.2.1 of this report. In response to these priorities, PSA Peugeot Citroën has implemented the strategies presented below.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
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 or 1.75 MWh i.e. 265 kg CO_2 excluding casting/ vehicle produced 2022: 1.92 MWh i.e. 265 kg CO_2 or 1.68 MWh i.e. 250 kg CO_2 excluding casting/ per vehicle produced (PCA worldwide scope)	Energy consumption of 2.23 MWh /vehicle produced (as for water, targets were calculated for the PCA 2013 scope)	Target attained: 2.09 MWh/vehicle produced 277 kg CO_2 eq./vehicle produced	Energy consumption of 2.15 MWh /vehicle produced (PCA scope) i.e. 325 kg CO_2 eq./ vehicle produced
INDUSTRIAL WASTE AND POLLUTANTS	Managing the impacts on the environment and local residents	Reduce VOC emissions to 2.5 kg/vehicle produced by 2018 and 2 kg/vehicle produced by 2022 (PCA worldwide scope)	VOC emissions of 3.14 kg/vehicle produced (PCA worldwide scope)	Objective: Emissions of 2.84 kg/vehicle produced	Emissions of 3 kg/vehicle produced (PCA worldwide scope)
WASTE AND MATERIALS CYCLES	Optimising the recycling of waste	2018: Zero landfill for assembly plants in Europe	New public commitment	4 out of 9 European assembly plants have attained zero landfill	Exchange of best practice among plants to optimise waste processing channels
WATER	Reduce water consumption by the Group's manufacturing plants	Achieve water consumption of 3.3 m^3 or 3.05 excluding casting per vehicle produced by 2018 and 2.4 m^3/2.2 m^3 excluding casting by 2022 (PCA worldwide scope)	Water consumption of 4.0 m^3/vehicle produced (PCA worldwide scope)	Target met: 3.96 m^3 of water/vehicle produced (PCA worldwide scope). 4.19 m^3/vehicle produced (Automotive Division)	Water consumption of 3.6 m^3/vehicle produced (PCA worldwide scope)
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

In 2013, the Industrial Division restructured its environmental impact management approach, making it more effective and more consistent with the priorities of the Group's CSR policy. The environmental policy of the Group's Industrial Division applies to all Regional Division entities. It aims to reach optimum operational efficiency by 2020. This vision requires all of the Group's plants to work towards the "Excellent Plant" concept, at the level of the best carmakers in the world, by consolidating the know-how of the different professions of the manufacturing businesses of which the environment profession is a part.

The Industrial Division's environmental policy contributes to the five challenges below, which will be explained in this chapter:

- **Energy performance and carbon footprint:**

  Reduce the carbon footprint of industrial operations, with two strategic priorities: managing emissions from plants and measuring, then reducing the impact of logistics operations.

  Promote the use of renewable energies as opportunities arise.

- **Industrial waste and pollutants:**

  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:**

  Manage water consumption, use 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 2020 and beyond, with intermediate targets set for 2015 and 2018.

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 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 G.20

For many years now, the Group has been engaged in assertive environmental stewardship to ensure that activities at each production and research and development facility ensure adherence to the environmental regulations in force in each country, preserving natural environments and the quality of life of local residents to the greatest possible extent, and constantly looking for ways to improve.

First launched at the PCA plants, this policy is gradually being rolled out to the brand dealership networks. 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), the allocation of core financial resources and an environmental management reporting tool (ORGE), which has been providing environmental performance measurements for each plant since 1989. The Group prioritises and works effectively on the most important environmental challenges relating to its operations.

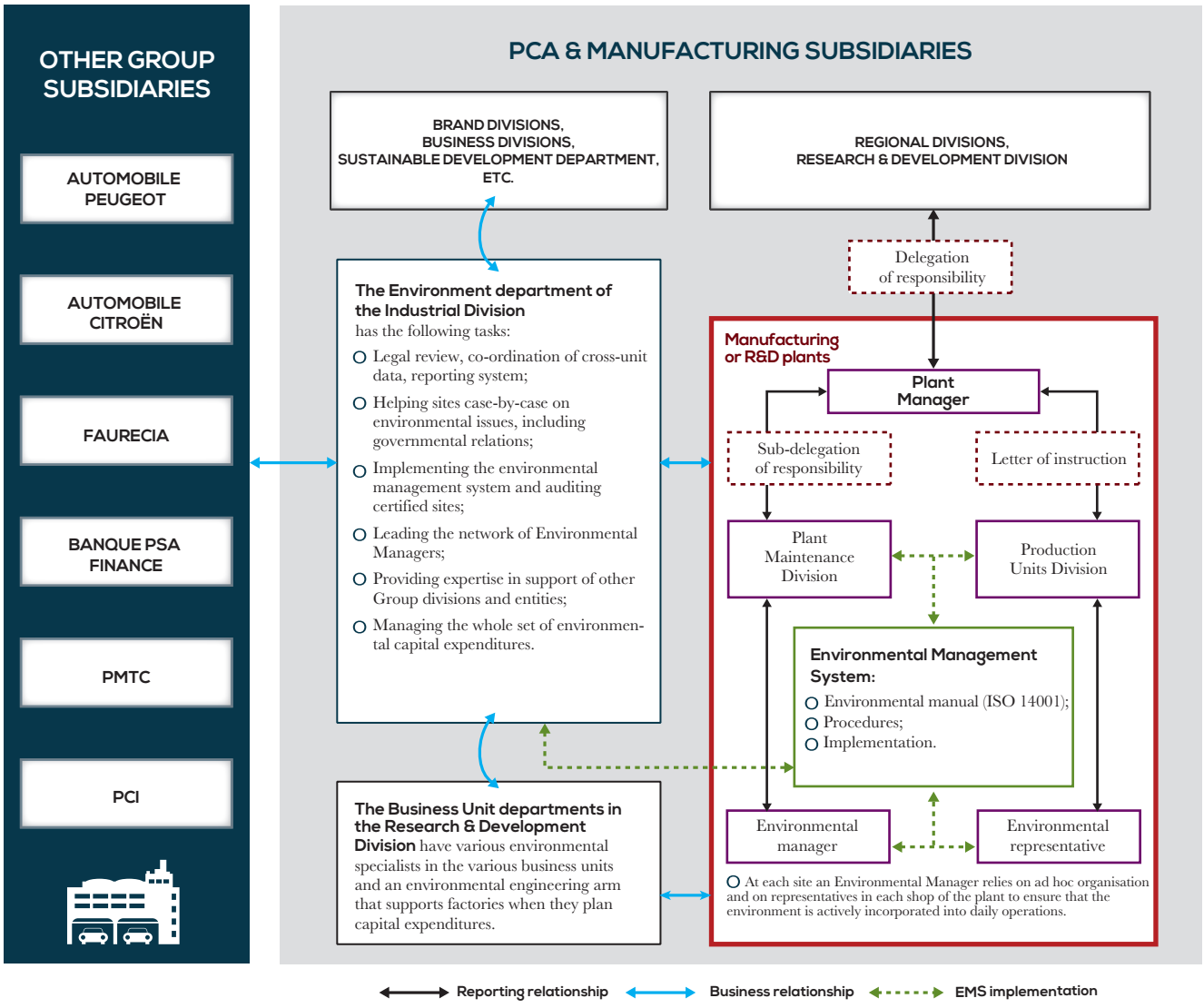
Within the Automotive Division, to ensure that the targets set are met, the Group has identified an Environment Division within the business channels developed to cover all of its core operations. The Environment Division, certified by the PSA Peugeot Citroën

University, defines the training path for each core environmental contributor, enabling him or her to fully perform this activity.

The Industrial Environment Department leads and coordinates the whole environmental approach for the manufacturing plants. This department manages the ORGE application and the annual investment plan. It also assists contributors to the Environment Division by permanently monitoring regulations and best practice.

At each plant, an environmental compliance officer is supported by a team dedicated to environmental issues and by 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 500 people are directly involved in managing the Group's industrial environment.

ORGANISATION AND COORDINATION OF THE EVIRONMENTAL APPROACH



5.1.2. PSA PEUGEOT CITROËN'S STRATEGY IN RESPONSE TO ENVIRONMENTAL CONCERNS

5.1.2.1. THE "EXCELLENT PLANT" STRATEGY

Environmental respect and conservation are core concerns for PSA Peugeot Citroën, and are fully integrated into the Company's industrial strategy. This strategy, which is 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 do this, it has developed a three-pronged environmental approach which is consistent with its core business: manufacture vehicles which meet the best CO_2 emissions, recycling and environmental impact management standards. 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 Peugeot Citroën 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.

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. These innovative production methods, which are better for the environment, are also being rolled out in the new Chinese plants, even though the regulations are not as strict there as they are in Europe. 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.

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 28,062 hours in 2014.

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 is one of the standards with which all new production plants must comply, such as the Kaluga assembly plant in Russia, jointly operated with Mitsubishi, which obtained ISO 14001 certification in April 2014.

ISO 14001 CERTIFICATION SCHEDULE FOR THE MANUFACTURING PLANTS

1999	2000	2001	2002	2003	2004	2007	2010	2012	2014
Mulhouse	Poissy	Aulnay	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.

Beyond this scope, the three industrial automotive joint ventures are certified: TPCA in Kolín, Czech Republic, DPCA in Hubei (Wuhan and Xiangfan) in China and Sevelsud 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 had an information system enabling environmental data from its whole proprietary network to be collected, monitored and consolidated. Moreover, the building maintenance audit performed in 2013 resulted in a database containing information on the types of infrastructure of the points of sale and their condition. This database is analysed by the Group's Real Estate Division. To monitor consumption, a remote meter reading system has been implemented at 126 points of sale.

Special attention is also paid to new buildings. The Group has determined a set of building rules incorporating aspects of the building's energy performance, insulation, heating and ventilation, lighting, water and waste management.

Driven by its constant wish to improve the service it offers to 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 environmental representatives appointed for each brand subsidiary. It is their mission to relay and deploy the environmental strategies defined by the two brands and follow the specific regulatory developments in each country.

Peugeot was a precursor in processing maintenance workshop waste, for example by implementing the "relais vert auto" programme in the 1990s, which is now the "Ici, on trie Green Team" programme.

The Citroën brand has its own Greenpact system, (www.citroen-greenpact.com), designed in 2008 to optimise the management of environmental aspects of point of sale activities:

- sorting of automotive waste which is then collected by approved bodies, (AutoEcoClean label);
- compliance of plants with national and European regulations;
- traceability of waste and used parts for recycling.

5.1.2.6. CAPITAL EXPENDITURE AND ENVIRONMENTAL EXPENDITURE G4-DMA G4-EN31

In 2014, we estimate that 2% of industrial capital expenditure corresponded to dealing with environmental incidents linked to the future operation of these resources, such as use of a nickel-free surface treatment at the Caen plant or a medium frequency melting furnace at the Charleville casting plant, instead of an arc furnace, to reduce dust emissions and energy consumption.

In addition, the Industrial Environment Department manages an annual investment plan that provides for plant compliance operations relating to regulatory changes and the reduction of pollution and environmental risks. Despite a difficult economic context, an annual capital expenditure plan is in place and amounted to €3.5 million in Europe in 2014.

The Group also invests in the environmental skills of its employees by delivering training (see 5.2.1.4.).

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 CO_2 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 that was 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.

THE FIRST GREENHOUSE GAS EMISSIONS ASSESSMENTS G.31

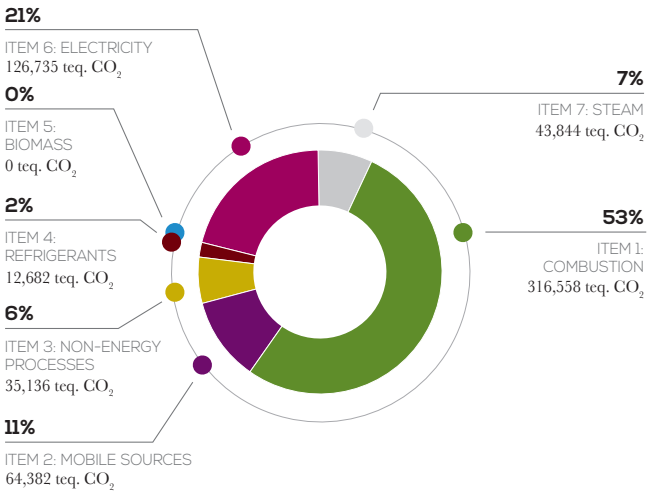
Pursuant to the new Article L. 75 of the French environmental Code, which resulted from the Grenelle environment laws, PCA and about ten of its subsidiaries (companies employing over 500 people) performed a greenhouse gas emissions (GHG) assessment for their operations in France (six greenhouse gases of the Kyoto protocol), based on the reference year 2011.

These checks have taken into account the following sources, under operational control of the respective companies:

Emission 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 passed it on to the competent regional Prefect in December 2012.

A short summary result of the assessments of PCA and its French subsidiaries is given below:



An action plan covering the period from 2012 to 2014 was attached to each assessment, the total expected gain being estimated at over 60,000 tonnes of CO_2 equivalent. The actions adopted came from either the energy management plan (e.g. reducing electricity or gas consumption), or from specific actions to reduce GHG emissions (e.g. use of refrigerants with a low Global Warming Potential).

In 2104 the decline in greenhouse gas emissions from energy consumption is estimated at over 100,000 tonnes of CO_2 equivalent at stations 1, 5, 6 and 7. This good performance resulted from (i) the aforementioned action plans, (ii) lower volumes of Group production from 2011 to 2014, and (iii) exceptionally mild weather in France in 2014.

In 2015, the Group will be required to repeat the exercise and carry out a new GHG emissions assessment based on 2014 as a reference year.

5.2.1. MANAGING ENERGY USE G.29

5.2.1.1. DETAILS OF ENERGY CONSUMPTION G4-EN3

Initial GHG emission assessments performed in 2012 proved that the action plans implemented by the Industrial Division to reduce the carbon footprint of the plants are having an impact. These first assessments showed that 81% of the Group's greenhouse gas emissions come from the consumption of primary and secondary energy. Accordingly, it is logical to work on energy efficiency to reduce the carbon footprint of the Group's industrial activities.

The energy use levels published are given in MWh ncv (most widely-used unit). 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 coefficient suggested by these two pieces of legislation are a result of the work of the GIEC (intergovernmental expert group on climate change), and those of the GHG (Greenhouse Gas) Protocol taken as guideline by the GRI (Global Reporting Initiative). Values expressed in MWh can be converted into TJ by simply applying a multiplying coefficient of 3.6 (1 Wh = 3.6 kJ).

ENERGY CONSUMPTION

		Combustible energies					Non-combustible energies		
		Non-renewable				Renewable			
(unit: MWh ncv)	Year	Heavy fuels	HHO	NG + LPG	Coke	Biomass (Wood)	Electricity	Steam	Total energy consumption
Automotive	**2014**	**-**	**3,818**	**1,540,952**	**76,713**	**14,376**	**2,218,139**	**143,707**	**3,997,705**
	2013	-	4,789	1,926,517	85,797	16,070	2,239,859	206,428	4,479,460
	2012	4,556	4,987	1,988,909	87,181	3,185	2,360,695	239,655	4,689,168
o/w PCA France	*2014*	*-*	*3,606*	*994,651*	*76,713*	*14,376*	*1,615,187*	*142,530*	*2,847,063*
	2013	*-*	*4,505*	*1,290,007*	*85,797*	*16,070*	*1,718,439*	*204,351*	*3,319,169*
	2012	*4,556*	*4,948*	*1,384,722*	*87,181*	*3,185*	*1,857,487*	*237,381*	*3,579,460*
Automotive trade	**2014**	**565**	**12,128**	**120,576**	**-**	**-**	**123,274**	**3,751**	**260,293**
	2013	524	14,650	159,489	-	-	137,862	5,756	318,281
	2012	339	19,012	170,921	-	-	143,250	4,691	338,213
Other	**2014**	**-**	**-**	**13,578**	**-**	**-**	**7,278**	**-**	**20,856**
	2013	-	-	20,207	-	-	8,205	-	28,412
	2012	-	-	21,703	-	-	11,702	-	33,405
TOTAL	**2014**	**565**	**15,946**	**1,675,106**	**76,713**	**14,376**	**2,348,691**	**147,458**	**4,278,854**
	2013	524	19,439	2,106,213	85,797	16,070	2,385,926	212,184	4,826,153
	2012	4,895	23,999	2,181,533	87,181	3,185	2,515,647	244,346	5,060,786

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.

Energy consumption by Automotive Division plants fell overall by 10.7% in 2014. These good results on natural gas and steam (down 36% and 30% respectively) were obtained in part thanks to particularly mild weather in 2014 and energy efficiency management strategies implemented at the Group's plants. Electricity consumption has followed a similar pattern, albeit to a lesser extent, due to Française de Mécanique's engine production facility in Douvrin being added to the scope of consolidation for 2014. The electrical consumption of this plant is high, due to its machining and engine assembly activities. Excluding this plant from the scope of consolidation, the decrease in electricity consumption would have been around 8%.

Data from the Peugeot and Citroën brands relate on average to 90% of plants in 2014 (97% in 2013, 98% in 2012) for direct energy consumption and 95% of plants in 2014 (95% in 2013, 94% in 2012) 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: an energy consumption management plan has made it possible for the energy 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 energy consumption.

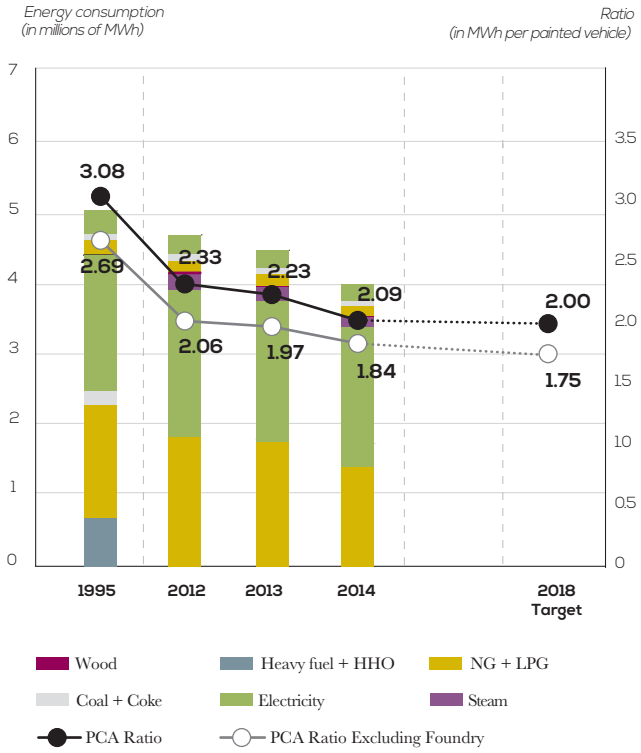
Plans are being implemented at each plant to rationalise production space, mainly by making plants more compact (retaining the same production capacity), thereby saving energy, particularly on heating and air conditioning of facilities.

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. The Group now has four plants certified to the new ISO 50001 standard: Sochaux was the first French manufacturing plant to be awarded the certification, followed by Mulhouse, Trnava and finally Bessoncourt IT centre 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.

CHANGE IN ENERGY CONSUMPTION

Automotive Division



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 2014, the Automotive Division exceeded its energy intensity target, despite the addition of an engine production plant (la Française de Mécanique) to the scope of consolidation and lesser economies of scale due to a drop in production of around 5%. The energy consumption ratio per vehicle decreased by 6.3% to 2.09 MWh per painted vehicle. This result was obtained thanks to the decrease in consumption of natural gas and steam as a result of both exceptionally favourable weather conditions in 2014 and the management strategy of committing resources to the precise level required. The various methods used to improve the Group's energy efficiency will be explained in the following section.

The Group is also continuing the cogeneration contracts at the Sochaux, Rennes and Mulhouse plants.

For PCA, the geographic distribution of overall energy consumption in 2014 is as follows: 93% for the European Union and 7% for the rest of the world.

REDUCTION IN ENERGY CONSUMPTION

In 2014, 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:

- finding and repairing leaks in compressed air networks in the plants. These actions lead in particular to ensuring the compressors work as efficiently as possible. This enabled, for example, a reduction in electricity consumption of around 1,000 MWh in the Mulhouse plant;
- replacing an arc furnace with a medium frequency melting furnace at the Charleville casting facility, which will save around 6,000 MWh per year;
- 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;

- in Sochaux, the use of a "short range" water-based paint process so that primers do not need to be applied before the car is painted. This means that the plant can avoid a baking oven phase and saves around 10,000 MWh ncv per year in natural gas;
- stopping using thermal oxidisers in the paint facilities of the plants where the benefit in terms of VOC reduction when vehicles leave the cabin compared to the energy used has not been proven. The Trnava plant in Slovakia is expected to save 2,900 MWh ncv per year in gas and around 1,900 MWh per year in electricity.

Economic insight:

In 2014, the Group's total actions to specifically reduce the energy consumption of its industrial facilities represented €235,000. This capital expenditure generated savings of around €400,000 in 2014, being offset in around seven months.

In addition to these specific energy-saving operations, there is many energy-saving operations at zero cost which involve using industrial resources more efficiently through management actions (procedures to interrupt production lines, managing non-production residual consumption, etc.), as well as capital expenditure linked to technological developments in production processes (adaptation to new production, updating of methods, etc.). These operations are therefore not recognised as capital expenditure intended to reduce energy consumption, although they have still reduced energy use.

In 2014, savings on energy expenses were estimated at €33 million compared with expenditure of around €240 million in 2013, i.e. a reduction of around 14%.

It is estimated that, of these savings, around €10 million come from energy management initiatives and improving processes by introducing new, less energy-intensive technologies.

Around €23 million in savings came from temporary aspects, such as the fall in production compared with 2013 and the exceptionally mild weather in 2014, which led to a smaller proportion of heating in the overall energy consumption.

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 €17, breaking down into €5 in improved production processes, and €12 for production and climate-related factors.

For the Group's proprietary dealership networks, the Peugeot Citroën Retail (PCR) environment unit has implemented remote meter reading (meter values read automatically every hour at points of sale and alerts sent to the Manager and the plant's economy officer by email if the system detects an anomaly), enabling high energy consumption sites to be identified, anomalies detected and the causes investigated (e.g. discovery of non-visible leaks or excess energy consumption due to incorrect use of the facilities).

Therefore, the Group implements corrective measures to regulate and reduce energy flows consumption by the plants. The Group will manage energy use by publishing a best practices guide on energy saving and by carrying out a statistical analysis for each plant. It will be possible to measure the savings generated by capital expenditure. Interventions at points of sale are carried out by specialised outside companies, in partnership with flow suppliers (for the energy management project), PCR central departments, and local PCR representatives.

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 eq. CO_2 per vehicle. Note that these targets have also been set for a scope not including the energy used by castings, to make the Group's data comparable with those of other automotive manufacturers not involved in this activity.

5.2.2.1. GREENHOUSE GAS EMISSIONS

G.31 G4-EN4 G4-EN15

Note: Direct emissions are calculated from direct energy consumption in accordance with emissions factors recognised for the greenhouse gas emission trading scheme (EU ETS) under the order of 31 October 2012 or European decision no. 2012/601 for CO_2 and the memorandum of 15 April 2002 for other gases. Changes in emission levels are thus directly related to changes in energy consumption.

(unit: tonnes)	Year	CO_2	N_2O	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	**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
	2012	440,265	18.0	28.6	446,214	1,078	235,196	681,409
o/w PCA France	*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*
	2012	*315,864*	*12.5*	*20.0*	*320,012*	*1,078*	*100,431*	*420,442*
Automotive trade	**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
	2012	40,384	1.6	2.6	40,927	-	36,251	77,178
Other	**2014**	**2,791**	**0.1**	**0.2**	**2,831**	**-**	**158**	**2,989**
	2013	4,154	0.2	0.3	4,213	-	394	4,607
	2012	4,461	0.2	0.3	4,524	-	452	4,976
TOTAL	**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
	2012	485,110	19.8	31.5	491,665	1,078	271,899	763,564

* *Greenhouse gas emissions from the combustion of biomass are not included in direct emissions in accordance with the guidelines of the GHG Protocol.*

Direct GHG emissions in t eq. CO_2 are calculated by applying coefficients (global warming potential) of 298 for N_2O and 21 for CH_4 (source: IPCC reports, 2006 and 1995 respectively). Indirect emissions are calculated by applying emissions factors, obtained either from suppliers or published by the IEA (International Energy Agency – 2011 data), to the electricity and steam purchased.

For the Automotive Division, there was a 26% fall in greenhouse gas emissions from energy compared with 2013. 46% of this decrease is due to the fall in consumption of primary energy linked to the improvement in energy efficiency in processes and a lower heating requirement due to the exceptionally mild weather in 2014. The remaining 54% decrease is due to both improved efficiency in the Group's secondary energy needs and strong performance by its energy suppliers which have produced low carbon electricity, thus benefiting from extremely favourable climatic conditions.

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 CO_2 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 will be conducted in 2014 to quantify the current impact of the logistics chain, and 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 2014 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 tCO_2 equivalent of emissions avoided.

RESTRUCTURING EMPLOYEE TRAVEL (SCOPE 3)

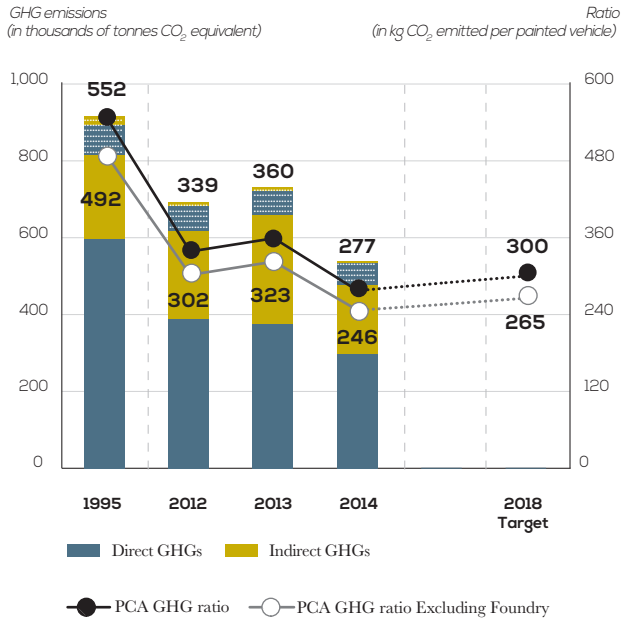
The Group has implemented a strategy to restructure employee travel: encourage remote meetings, increase carpooling, give priority to rail transport, reduce emissions from the company car fleet. These are described in Chapter 4.3.

5.2.2.2. 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.

Since 1990, the work to modernise facilities, replace fuel oil and carbon with natural gas, develop cogeneration and actions to manage energy consumption has helped to improve energy performance and decrease greenhouse gas emissions.

Greenhouse gas emissions fell by 50% compared with 1995, reaching 277 kg eq. CO_2 per vehicle. In addition to this result, the 2.5 kg eq. CO_2 from the combustion of biomass is often considered neutral for the environment.

Direct emissions logically reflect changes in the consumption of fuels by the plants. Indirect emissions depend both on site consumption and on the emissions performance of their secondary energy suppliers. For 2014, the fall in energy consumption and the good performance of its electricity and steam suppliers have enabled the Group to reduce its greenhouse gas emissions by 83 kg CO_2 equivalent per vehicle.

The geographical distribution of direct greenhouse gas emissions in 2014 was as follows: 85% for the European Union and 15% for the rest of the world.

5.2.3. PARTICIPATION IN THE CO_2 ALLOWANCE TRADING SCHEME G.20 G.31

The Group is part of the scope of application of the CO_2 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. The third phase of the system, from 2013 to 2020, concerns ten plants (Sochaux, Mulhouse, Rennes, Poissy, Vesoul, Vélizy, Sevel Nord and Sept-Fons in France, Madrid and Vigo in Spain).

In the first two years of phase 3, the overall total of quotas and emissions for the ten plants mentioned above is as follows:

Year	Free allocations (Quotas)	Emissions* (tonnes of CO_2)
2013	324,741	308,395
2014	292,449	250,174

* *Sum of PSA Peugeot Citroën emissions verified and theoretical emissions from the steam purchased for which we receive free quotas.*

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 (to be determined by the relevant authorities).

5.2.4. USE OF RENEWABLE ENERGY G.29 G.31

The Group is examining opportunities to use renewable energy on a case by case basis. Therefore, at the Sochaux plant, 9,300 sq.m. of photovoltaic panels have been installed since 2010 in partnership with Veolia Environnement.

As part of this drive to use renewable energy, the Vesoul plant opened a wood furnace in November 2012 to replace old fuel oil furnaces which were much less environmentally friendly. In 2014, the use of the wood furnace in Vesoul allowed the Group to produce 14,376 MWh while avoiding releasing 4,869 tonnes equivalent of fossil CO_2 into the atmosphere.

5.3. INDUSTRIAL WASTE 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.

At 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% in France; source CITEPA: Inventory of atmospheric pollutants and Greenhouse Gas (GHG) emissions in France 2014, i.e. 689 kt), they are still the main environmental issue as regards emissions on a plant for plant basis.

VOC EMISSIONS OF BODY STRUCTURE PAINTSHOP FACILITIES BY OPERATION

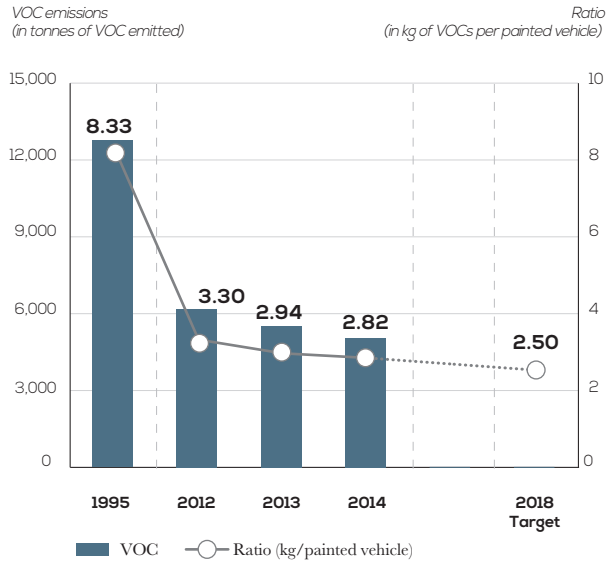
(unit: tonnes)	Year	VOCs *(tonnes)*	Ratio *(in kg per vehicle produced)*
Automotive	**2014**	**5,393**	**2.82**
	2013	5,838	2.94
	2012	6,597	3.28
o/w PCA France	*2014*	*1,707*	*1.93*
	2013	*1,953*	*2.31*
	2012	*3,303*	*3.12*
Automotive trade	**2014**	**n/c**	-
	2013	n/c	-
	2012	n/c	-
Other	**2014**	**6**	-
	2013	8	-
	2012	4	-
TOTAL	**2014**	**5,399**	-
	2013	5,846	-
	2012	6,601	-

VOCs: Volatile Organic Compounds.

VOC emissions from PCA and PMTC's paint shop 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)



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;
- deploying in-house technologies since 1998 (water-based paints) in new workshops, particularly in the new Kaluga facility in Russia, which is equipped with this high-performance technology;
- installing air treatment equipment that incinerates VOCs on site if necessary;
- encouraging the sharing of experience and best practices among Group plants.

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 2.82 kg of VOC emissions per vehicle produced in 2014.

In 2014, the Sochaux plant completed the conversion of its three paint lines for use with water-based paints. The "short range" technology rolled out in Sochaux no longer uses a coat of primer, and enables lacquer to be applied directly, which reduces VOC emissions compared with the standard range traditional water-based paint process.

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 2014 is as follows: 85% for the European Union and 15% for the rest of the world..

SO_2 AND NO_2 EMISSIONS

In addition to limiting CO_2 emissions as described above, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to substantially reduce worldwide sulphur dioxide (SO_2) emissions from the Group's power plants. Also in 2012, the Group permanently stopped using fuels with a high sulphur compound content, including heavy fuels, which led to residual SO_2 emissions of around five tonnes in 2014.

At the same time, nitrous oxide (NO_x) emissions have also declined sharply thanks to improvements in thermal power stations, and the choice of fuels (natural gas as a substitute for fuel oil). NO_2 emissions come directly from the combustion of the natural gas used at the various plants. They are stable at under 400 tonnes.

DIRECT SO_2 AND NO_2 EMISSIONS BY OPERATION

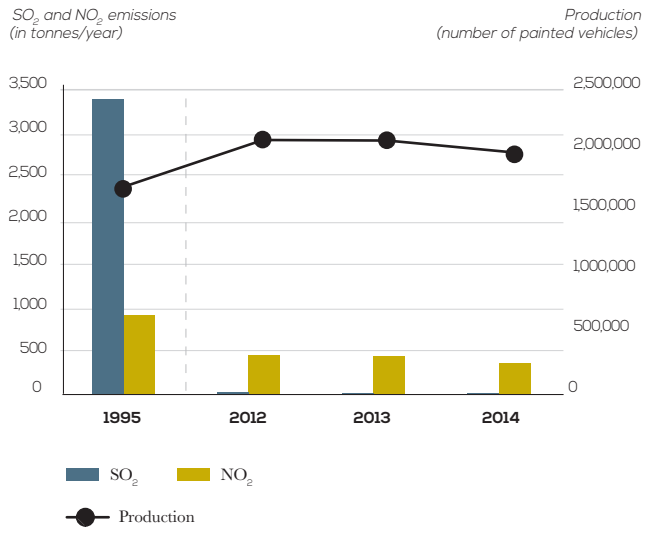
Entities	Year	SO_2	NO_2
Automotive	**2014**	**4.9**	**344.7**
	2013	6.1	429.5
	2012	14.0	436.5
o/w PCA France	*2014*	*3.7*	*226.6*
	2013	*4.7*	*291.8*
	2012	*12.8*	*305.9*
Automotive trade	**2014**	**5.4**	**30.8**
	2013	6.3	40.0
	2012	7.5	44.0
Other	**2014**	**0.0**	**2.9**
	2013	0.0	4.4
	2012	0.0	4.2
TOTAL	**2014**	**10.4**	**378.4**
	2013	12.5	473.9
	2012	21.6	484.7

SO_2 = 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 SO_2 AND NO_2 EMISSIONS

(Automotive Division)



All of this progress helps to improve air quality at the plants.

The geographic distribution of SO_2 emissions in 2014 is as follows: 94% for the European Union and 6% for the rest of the world.

The geographic distribution of NO_2 emissions in 2014 is as follows: 91% for the European Union and 9% 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.

In 2014, refrigerant leakages in the Group's French assembly plants represented a total of 3.47 tonnes, of which only 6% was from HCFC leakages. The rest came from HFC and HFO-type gases which have no effects on the ozone layer.

5.3.2. PREVENTING CHEMICAL RISKS G.20

5.3.2.1. MANUFACTURING CHEMICAL RISKS

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.

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 Peugeot Citroën Production System. Compliance with environmental procedures is also confirmed by ISO 14001 audits. This is why the PSA Peugeot Citroën has no facilities classified under Directive 2003/105 (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:

- a "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;
- a "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 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.

In addition, 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.

5.3.2.3. REDUCING OTHER DISTURBANCES CAUSED FOR LOCAL RESIDENTS G.26

The measures required to ensure peace for local residents are assessed and decided when performing impact studies or additional impact studies, as defined by the 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 for new facilities, or repeated whenever significant changes are made to a site (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

Around ten impact studies are conducted each year on Group sites.

5.3.2.4. ACCIDENTAL DISCHARGES

G.22 G.23 G4-EN24 G4-EN29 G4-EN34 G4-SO8 G4-SO11

Any accident with a noted environmental impact which has been notified to the authorities as such is considered as significant.

In 2014, the Group had 15 core incidents at production sites.

These include:

- leaks of refrigerant gases;
- breakdown of a thermal oxidiser for several hours;
- a spillage of 50 litres of oil onto the ground and which contaminated the rainwater; and
- stormwater basins overflowing on four occasions.

PENALTIES PAID FOR ENVIRONMENTAL DAMAGE PURSUANT TO A JUDICIAL DECISION

The Group did not have to pay any such compensation in 2014.

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; by 2019 the Group will have set aside finance guarantees of around €5 million.

5.3.2.5. CHEMICAL RISKS IN THE NETWORK

Within the dealership networks of the Peugeot and Citroën brands, Peugeot Citroën Retail's (PCR) environment cell carries out extensive soil and diagnostic studies on the installations identified as potentially the most polluting at the time of sale or transfer. In case of proven pollution, the Group implements an action plan to treat this pollution, taking into account regulatory constraints, in order to make the site compatible with the intended use after it is has been sold or transferred.

5.4. WASTE AND MATERIALS CYCLE G4-DMA

In an effort to apply the responsible development concepts recommended by the Group's policy and in line with the product strategy, which promises a better recovery and recycling of vehicles, the Group's manufacturing plants have made a commitment to the circular economy in the locations in which they operate. This entails avoiding any waste of natural resources and using no more raw materials than strictly necessary. This strategy also extends into waste management, to achieve zero landfill and encourage recovery and recycling among subsidiaries. For some plants, the Group is also studying potential opportunities to exchange resources and waste as part of industrial ecology experiments.

The Group has taken 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 department from the Purchasing Division performs cost monitoring on materials, in liaison with operational purchasing teams and technical teams from the Group's Research and Development Division, to better anticipate and manage cost developments and help diversify and manage the most strategic supplies.

The Purchasing Department and the Research and Development Division work on mapping materials risks, including, for each raw material, different factors, 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 commodities 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 commodity requirements is shared with other French manufacturers within a national think tank led by the French Industry Ministry, 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

USE OF RAW AND RECYCLED MATERIALS

(Automotive Division, direct material purchases)

In 2014, the Group used:

- 2,195,000 tonnes of steel (compared with 2,230,000 tonnes in 2013) including 770,000 tonnes direct (compared with 800,000 tonnes in 2013);
- 275,000 tonnes of non-ferrous metals (compared with 258,000 tonnes in 2013) including 63,000 tonnes of aluminium directly (compared with 57,000 tonnes in 2013);
- 460,000 tonnes of synthetic materials (compared with 540,000 tonnes in 2013) including 260,000 tonnes of polymer materials and 32,000 tonnes of elastomers.

Work to reduce vehicle mass has resulted in a general reduction in material mass, particularly steel, in the manufacture 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 internally for office applications, or printed materials (brochures, sales leaflets, annual publications, etc.) produced by external printers.

Awareness-raising campaigns are in place in respect of office paper, as well as the implementation of a system of printer-sharing at most French sites, enabling consumption to be managed. A large percentage of the paper is then sorted and collected, usually by private suppliers who then process it through recycling channels.

For printed materials, the Group is attentive to the origin of the paper used, and favours paper from sustainably managed forests (PEFC or FSC labels). PSA Peugeot Citroën is also a founding member of EcoFolio. It declares the tonnages of printed materials concerned every year and pays an eco-contribution to pay for the collection, recycling and recovery of the paper by local authorities.

5.4.2. REDUCING WASTE PRODUCTION G.22 G.24 G.25

Within the Automotive Division, which includes PCA, 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 Division has set the target of "zero landfill" for assembly plants in Europe, which will then be extended to components and gross 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 found, so that some of our waste is incorporated into circular economy, where it is reused.

In addition to waste metal (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 success of this policy:

- the weight of waste per vehicle produced has been reduced by 45% ;
- analysis and characterisation of waste produced during the different stages of production (casting, foundry work, mechanical parts manufacture, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfilling. The gradual addition of new processing methods, depending on local supply, helps to regularly increase the waste recovery rate.

The Peugeot Citroën Retail France dealership network signed a two-year national waste management contract with Veolia and Chimirec, which started on 1 January 2012, for all hazardous and non-hazardous waste.

This contract includes products and operations ranging from sorting, processing and conditioning of waste, collecting waste from the sites, transporting it, as well as creating awareness among and training operators who deal with the waste produced in the dealership networks.

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

TOTAL AMOUNT OF WASTE AND BREAKDOWN BY BUSINESS

(Automotive Division, 2014)

In 2014, the sites generated 580,024 tonnes of waste.

Waste metal (not shown in the graphs and tables below) makes up the largest part of it at 444,282 tonnes. Generally considered as a by-product, it is fully recycled in castings and the steel industry. Around 83,956 tonnes are directly reused in the Group's castings. Waste from construction and demolition (2,678 tonnes) was also not included in the graphs and tables below, as it was not part of the process.

Furthermore, in 2014, the Group's castings recycled around 25,469 tonnes of waste metal (scrap iron, cast iron and aluminium) purchased externally.

(unit: t)	Year	Land fill	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	**2014**	**3,316**	**45,550**	**44**	**48,909**	**80,578**
	2013	4,251	46,892	27	51,170	92,976
	2012	7,118	47,235	54	54,406	101,842
Non-hazardous process waste	**2014**	**6,636**	**58,786**	**1,745**	**67,168**	**4,017**
	2013	10,868	73,214	1,891	85,973	5,401
	2012	14,844	73,331	1,693	89,868	1,209
Hazardous process waste	**2014**	**760**	**18,473**	**15,138**	**34,371**	**0**
	2013	1,293	16,568	18,794	36,655	0
	2012	1,686	17,764	17,109	36,560	0
TOTAL	**2014**	**10,712**	**122,809**	**16,927**	**150,448**	**84,595**
	2013	16,412	136,673	20,713	173,798	98,376
	2012	23,648	138,330	18,856	180,833	103,050

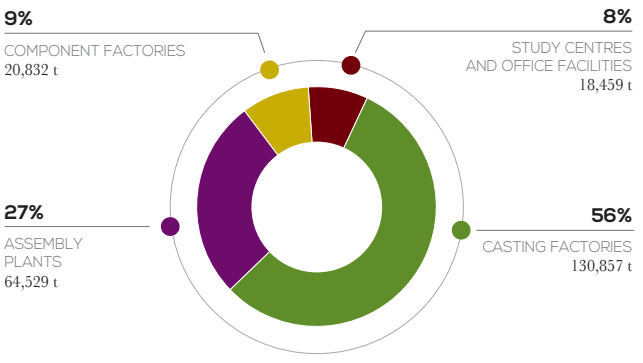
This table does not include metal waste (444,282 tonnes in 2014), almost all of which was recycled.

The amount of non-hazardous industrial waste has fallen due to the drop in activity of plants outside Europe, the main feature of which is that they have to manage large amounts of waste packaging.

Other industrial waste (235,043 tonnes including 84,595 tonnes in on-site recycling) is spread rather unevenly over four businesses: 130,857 tonnes for castings, 64,529 tonnes for assembly plants, 20,832 tonnes for components factories and 18,459 tonnes for study, logistics and office facilities.

BREAKDOWN OF WASTE PRODUCTION BY BUSINESS

(Automotive Division, excluding waste metal, 2014)



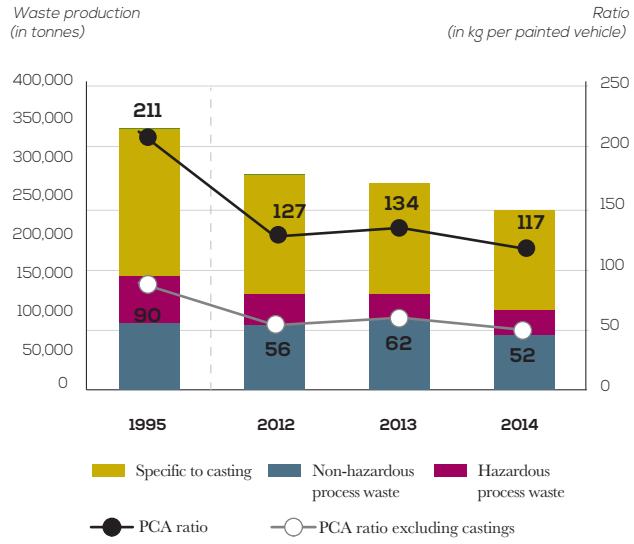
Due to their operations, the two castings at Charleville and Sept-Fons alone generate over half of overall waste by quantity, representing 68 kg of waste per vehicle. The core part of this waste is made up of casting sand, which is mostly recycled on-site, after regeneration treatment, which also takes place on-site.

In 2014, the casting at Sept-Fons invested in a second casting sand thermal regeneration installation, which will reduce this waste by around 13,000 tonnes in 2015. In addition, this project is of particular interest, as it implements a very short recycling loop, given that the site now manages to recover around 2,000 tonnes of metal dust from its waste, which it reintroduces into the fusion process, and 5,700 tonnes of silica and 1,500 tonnes of binders, which will be reintroduced into the mould manufacturing process.

5.4.3.2. CHANGES IN THE AMOUNT OF WASTE BY TYPE

CHANGES IN THE AMOUNT OF WASTE BY TYPE

(Automotive Division, 2014, excluding waste metal, almost all of which is recycled)



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 117 kg in 2014. The weight of waste per vehicle produced has fallen by 45% since 1995.

The geographic distribution of total waste in 2014 is as follows: 90% for the European Union and 10% for the rest of the world.

In 2014, the waste generated per vehicle was 52 kg, excluding waste from castings.

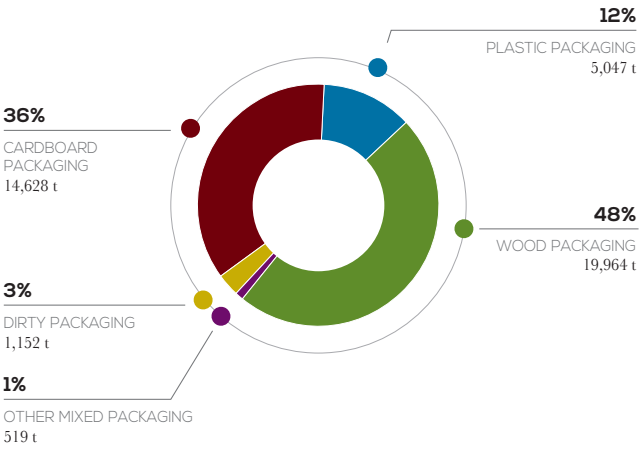
The waste production figures are based on the European waste and disposal method categorisations.

In 2014, the component factories at Trémery and Valenciennes invested in three briquette machines enabling them to press their steel and aluminium machining turnings into briquettes. These investments have the advantages of providing dry briquettes, allowing plants to maximise the direct recovery of cutting fluids from the process, thus limiting their deterioration so that they can be reused to a greater extent instead of being sent to hazardous waste treatment facilities. Furthermore, the volume of cutting fluids running to industrial liquid treatment plants is reduced, which gives a better quality of waste water discharged from the factory.

The engine production plant in Trémery has also invested in "micro lubrication" machining methods, so that only tiny amounts of cutting fluids are used compared with the old lines, reducing at source the amount of liquids to be processed as waste. Studies are also currently underway to directly reuse these aluminium turnings in the Group's castings.

FOCUS ON PACKAGING WASTE

(Automotive Division, 2014)



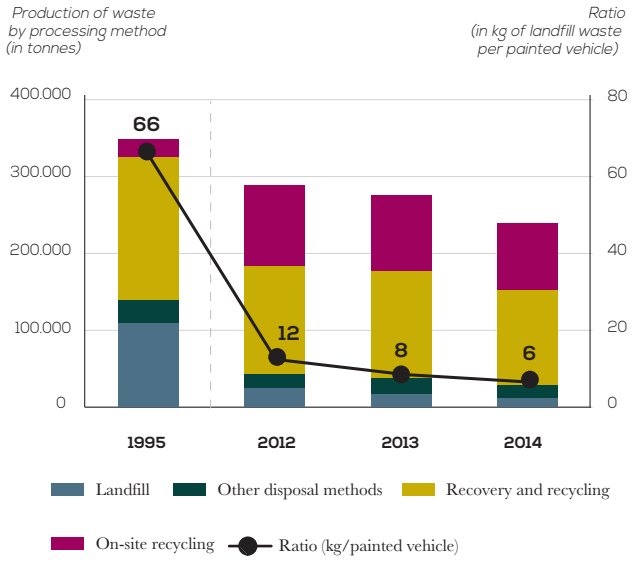
98% of packaging waste, mainly comprising wood and cardboard, is non-hazardous process waste.

It represented 41,310 tonnes in 2014 (compared with 52,471 tonnes in 2013), i.e. a decrease of 21% in the overall tonnage of packaging waste, mainly due to the drop in production of plants outside Europe, which generate a large amount of waste. 93% of this waste packaging is processed via channels other than landfill (92% in 2013). The remaining 7%, representing 2,833 tonnes, is waste from the Kaluga plant where the implementation of channels other than landfill is only developing very gradually.

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)



Between 1995 and 2014, the methods used by sites to better manage waste have considerably increased waste recycling and recovery, bringing about a 91% decrease in landfill. Much of this progress is due to the on-site recycling of casting sand, which has increased fivefold in the same period.

The sites now analyse and categorise as precisely as possible the waste produced in the various production phases (forging, casting, components, stamping, painting and final assembly) to identify alternative processing channels to landfill. The gradual implementation of these new channels, depending on local processing options, contributes to the regular increase in the percentage of non-landfill waste, which now stands at 95% excluding waste metal. Several sites have met their "zero landfill waste target": the Valenciennes component factory joins the Poissy, Sochaux, Trnava and Mulhouse sites which have zero landfill, with the marginal exception of imposed landfill.

Office facilities and research sites in the Paris region have not contributed to landfill since 2012.

When waste metal is included, which is reused naturally in the steel industry or the Group's castings, the percentage of PCA's industrial waste not disposed of via landfill is 98%.

The quantity of landfill was reduced by 5,700 tonnes between 2013 and 2014. This result is in particular due to the reduction in activity of plants outside Europe, particularly Kaluga in Russia and Buenos Aires in Argentina, saving 3,200 tonnes and 1,000 tonnes respectively.

Waste disposal options (recovery and recycling, landfill and other disposal methods) are defined as follows:

- Recovery and recycling:
  - material recovery: use of the materials for a purpose other than the one for which it was initially intended (e.g.: recovery of casting sand for road construction purposes),
  - recycling: reuse of the waste for the same purpose as the one for which it was initially intended (e.g.: repair of wooden palettes),
  - energy recovery: incineration with energy recovery (e.g.: as steam or electricity);
- landfill: depositing or burying waste in one of the three landfill categories: hazardous waste, non-hazardous waste, inert waste;
- other disposal methods:
  - incineration without energy recovery,
  - physical-chemical treatments (neutralisation, oxidation-reduction, metal precipitation, etc.),
  - biological treatments (breaking down the materials by microorganisms in an aerobic or anaerobic environment).

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	**2014**	**3,316**	**45,550**	**41**	**48,907**	**80,211**
	2013	4,251	46,892	27	51,170	92,976
	2012	7,118	47,235	54	54	101,842
Non-hazardous process waste	**2014**	**964**	**30,669**	**1,583**	**33,216**	**4,017**
	2013	1,279	33,407	1,743	36,429	5,219
	2012	1,730	43,699	1,612	47,041	1,209
Hazardous process waste	**2014**	**183**	**13,600**	**12,482**	**26,265**	**0**
	2013	301	13,283	14,251	27,835	0
	2012	779	14,512	12,857	28,147	0
TOTAL	**2014**	**4,463**	**89,818**	**14,106**	**108,388**	**84,228**
	2013	5,831	93,582	16,021	115,434	98,195
	2012	9,626	105,446	14,523	129,595	103,050

Own brand network scope (excluding waste metal)

(unit: t)	Year	Landfill disposal	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2014**	**5,654**	**4,591**	**19**	**10,264***
	2013	n/a	n/a	n/a	10,002
	2012	3,605	8,096	92	11,793
Hazardous process waste	**2014**	**302**	**3,463**	**192**	**3,957***
	2013	n/a	n/a	n/a	4,115
	2012	554	3,526	187	4,267
TOTAL	**2014**	**5,959**	**8,054**	**211**	**14,221***
	2013	n/a	n/a	n/a	14,117
	2012	4,159	11,622	279	16,060

* *Implementing an action plan again makes it possible in 2014 to publish waste destination data by manufacturing chain outside of France. This action plan increases the percentage of data coverage.*

Data for the brands was reported from an average 86% of sites in 2014 (85% in 2013 and 83% in 2012).

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

This table does not include waste metal and demolition waste (2,066 tonnes and 6 tonnes respectively in 2014).

THE AUTOECOCLEAN LABEL

Citroën was the first carmaker to offer, in 2009, a label for its most committed repairers in terms of sorting and recycling. Peugeot signed up to this initiative in 2012. 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 sorting commitments, have at least five types of hazardous waste and three types of non-hazardous waste collected and recycled; 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.

2014 is a very special year for Citroën, because the first "Gold" certificates were awarded to points of sale.

The Peugeot network now has 200 Silver certified sites and 188 Bronze certified sites.

OTHER ACTIVITIES (EXCLUDING WASTE METAL, ALMOST ALL OF WHICH IS RECYCLED)

(unit: t)	Year	Landfill disposal	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	**2014**	**101**	**427**	**0**	**529**
	2013	81	450	0	531
	2012	123	338	24	485
Hazardous process waste	**2014**	**0**	**63**	**48**	**111**
	2013	0	56	87	143
	2012	9	173	278	459
TOTAL	**2014**	**101**	**490**	**48**	**640**
	2013	81	506	87	674
	2012	132	510	302	944

Note: this table does not include waste metal (327 tonnes in 2014 and 276 tonnes in 2013), almost all of which is recycled, and construction waste (4 tonnes in 2014).

5.4.3.5. CROSS-BORDER WASTE TRANSFERS G4-EN25

In 2014, waste exported from France to other European community states (Belgium) represented 2,166 tonnes, i.e. around 1% of total waste generated (excluding waste metal).

These channels consist of recovery solutions which have been selected, as for all solutions of this type, after a positive assessment of their reliability.

For plants outside France, no waste other than waste metal is exported to other countries.

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 BY 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 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 made 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 a very sharp 70.4% 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 Peugeot Citroën has set itself a target of 3.3 m^3 per vehicle by 2018.

The Trnava and Mangualde plants already achieved excellent performance per painted vehicle in 2014: 0.99 m^3 and 1.3 m^3 respectively.

ANNUAL WATER ABSTRACTION BY SOURCE AND BUSINESS

Water abstraction (in m^3)

Water abstraction (in m^3) Entities	Year	City water	Surface water	Underground water	Total
Automotive	**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
	2012	1,967,131	3,929,592	3,870,874	9,767,597
o/w PCA France	*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*
	2012	*1,127,770*	*3,549,403*	*3,008,011*	*7,685,184*
Automotive trade	**2014**	**559,722**	**0**	**0**	**559,722**
	2013	613,190	0	0	613,190
	2012	676,854	0	2	676,856
Other	**2014**	**9,626**	**0**	**0**	**9,626**
	2013	11,688	0	0	11,688
	2012	13,512	0	0	13,512
TOTAL	**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
	2012	2,657,497	3,929,592	3,870,876	10,457,965

Consumption of water by the Automotive Division fell 7% compared with 2013.

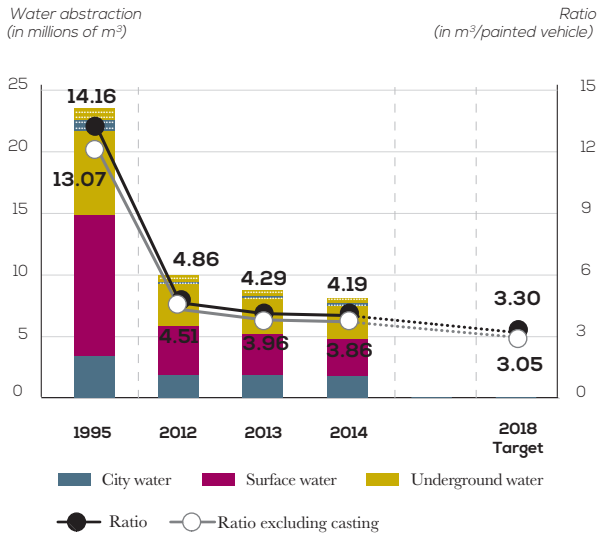
Calculation of the amount of water abstracted is based on the water supplier's bills or the meter readings.

Data for the brands was reported from 88% of sites in 2014 (84% in 2013 and 86% in 2012).

5.5.1.2. CHANGE IN THE VOLUME OF WATER ABSTRACTED

CHANGE IN THE VOLUME OF WATER ABSTRACTED

(Automotive Division)



After a worsening of the water consumption ratio per painted vehicle, the causes of which were identified in 2012, an action plan was adopted at the Group's factories between 2013 and 2014 to drive this figure back down. The water consumption rate was 4.19 m³ per vehicle produced. The objective of 4m³ per vehicle produced was not achieved owing to the expansion of the scope and, in particular, the addition of Française de Mécanique to the scope of consolidation. Excluding this scope addition, the ratio would be 3.96 m³ of water consumption per vehicle.

In 2014, the Sochaux plant, which is 102 years old and covers 235 hectares, implemented a large-scale plan to find leakages in underground water piping, resulting in the detection and repair of leaks enabling savings of around 750,000 m³ of water over the year. Likewise, the Mulhouse plant, where a defective cooling unit forced the plant to use lost water for cooling purposes until spring 2014, has invested in a new system which will enable the plant to save around 900,000 m³ of water in 2015.

As part of its environmental policy, the Industrial Division is committed to reducing its impact on the environment by optimising its water abstraction. To do this, it has set itself specific targets to reduce its water abstraction after 2020, with intermediary targets for 2015 and 2018: the Group expects to attain ratios of 3.6 m³ then 3.3 m³ of water per vehicle respectively.

The geographic distribution of water abstraction in 2014 is as follows: 91% for the European Union and 9% 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. Evapoconcentration systems have been included in the component 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 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

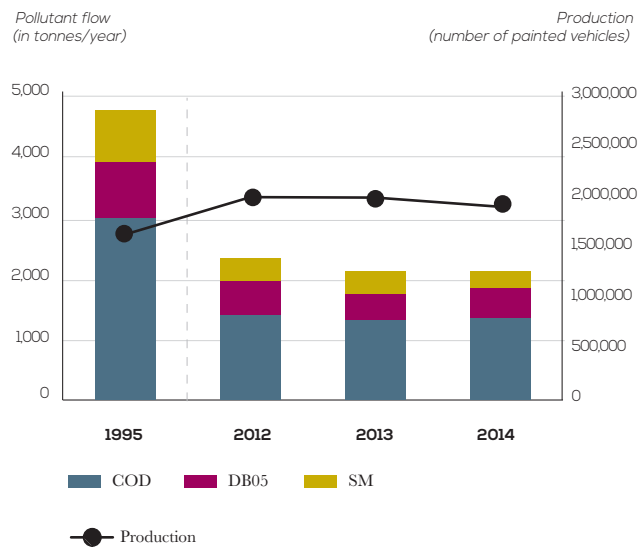
Gross discharges into water from plants (in kg/year) Entities	Year	COD	DBO5	SM
Automotive Division	**2014**	**1,325,742**	**483,680**	**283,031**
	2013	1,284,528	438,342	372,479
	2012	1,374,178	552,685	363,743
o/w PCA France	*2014*	*713,168*	*188,829*	*180,303*
	2013	*824,473*	*220,781*	*254,093*
	2012	*787,537*	*273,879*	*227,649*
Automotive trade	**2014**	**n/c**	**n/c**	**n/c**
	2013	n/c	n/c	n/c
	2012	n/c	n/c	n/c
Other	**2014**	**782**	**281**	**34**
	2013	923	364	35
	2012	520	197	27
TOTAL	**2014**	**1,326,524**	**483,961**	**283,065**
	2013	1,285,451	428,706	372,514
	2012	1,374,698	552,882	363,770

COD= Chemical Oxygen Demand DBO5 = Biochemical Oxygen Demand in five days
SM: Suspended Matter
n/c: not communicated.

5.5.2.2. CHANGE IN GROSS INDUSTRIAL EFFLUENT DISCHARGE G.25

CHANGE IN GROSS INDUSTRIAL EFFLUENT DISCHARGE

(Automotive Division)



Whether connected to a public waste water treatment plant or fitted with its own complete purification system, each plant monitors the quality of its waste water using various parameters set out in the operating permits (in particular COD, DBO5 and SM). The results of the monitoring operations are reported to the administrative authorities regularly. This organisation ensures that aqueous releases are not harmful to the surroundings.

The Group is continuing its efforts to constantly improve the quality of its waste water, by developing a pragmatic approach to the solutions implemented.

Examples include: the gradual roll-out of new treatment technologies, mainly adapted to cutting fluids and effluent from cleaning machines in component factories. This evapoconcentration technique separates the oily phases, treated in specialised channels, from the water phases, which can be released into waste water networks. Most of the component factories are now equipped with this technology.

Wanting to set an example in all regions where it is present, the Group is also implementing innovative water treatment solutions, for example at the Kaluga plant which opened in 2011 in Russia. The plant uses a lagooning process to treat rainwater, which has collected hydrocarbons from runoff, before being released back into the environment.

The geographic distribution of pollutant flows in 2014 breaks down as follows: 98% for the European Union and 2% for the rest of the world.

This indicator presents the gross yearly discharges of the plants which perform regular self-monitoring. In 2014, these sites represented 98% of all water abstraction by PCA plants.

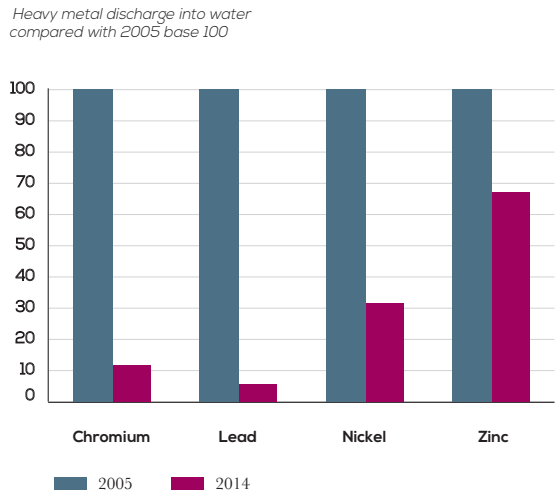
5.5.2.3. DISCHARGE OF HEAVY METALS INTO INDUSTRIAL EFFLUENTS

To meet the European requirements set out in the framework Directive on water (2000/60/EC), France has implemented research into hazardous substances in water (RSDE circular), with the aim of drawing up a list of pollutants to be monitored for each business sector, and assessing and, if applicable, reducing (even removing) in a targeted way, discharges of hazardous substances into the water networks of facilities categorised as being subject to authorisation.

5.5.2.4. CHANGE IN DISCHARGE OF HEAVY METALS INTO INDUSTRIAL EFFLUENT

CHANGE IN DISCHARGE OF HEAVY METALS INTO INDUSTRIAL EFFLUENTS

(Reduction of discharge into water as %)



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, have practically disappeared from effluent thanks to new generation facilities. Amounts discharged today are significantly below the regulatory limits for the plants.

Furthermore, to confirm these results and following the search for hazardous substances in industrial effluents, the Group confirms that any heavy metal discharges, such as mercury, cadmium, arsenic, lead, chromium and copper, are insignificant in terms of flows and as such, it has no specific obligation to monitor these substances in the long term.

Nickel is one of the metals present in the Group's discharges and has been identified as coming from the products used in surface treatment procedures. To resolve this problem, the Group has committed to replacing surface treatment products containing nickel, changing over to a nickel-free green surface treatment technology (Green STT). Even though it has not reached the regulatory limits which would have necessitated replacement everywhere, the Group has chosen to roll out this replacement strategy at all plants. The Mangualde, Madrid, Vigo, Rennes, Vesoul, Sevel Nord, Porto Real and Kaluga plants already have Green STT. The component factory in Caen was equipped with this new system in October 2014.

Zinc is one of the metals present in the discharge of some of the Group's plants. However, the flows discharged by the sites remain below the substitution thresholds stipulated by the regulations. The Group is working to identify the relatively broad origins of this pollutant in the discharge and will draw up a specific reduction plan.

In addition to searching for hazardous substances in the water, the Group monitors zinc and nickel discharge via self-monitoring of waste water at the plants concerned.

5.6. PROTECTION OF NATURAL HABITATS AND ACTIONS TO PROMOTE BIODIVERSITY G4-DMA

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

5.6.1. PRESENCE CLOSE TO PROTECTED ZONES

G.30 G4-EN11 G4-EN13 G4-EN14

PSA Peugeot Citroën's manufacturing facilities worldwide include 22 manufacturing plants and 13 study centres and office facilities. These 35 facilities occupy an area of about 3,901 hectares, of which 47% are impermeable. The impermeable nature of the soil limits the infiltration of water into the soil, which can be, depending on the receiving environment, a factor in flooding. 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, 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.

				Proximity to a regulated area	
Plant	Business	Surface area (sq. m²)	Impermeable surface area	Distance between the plant and the regulated area	Type of area
Bessoncourt	IT centre	57,400	53%	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	79%	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 Over 3 km	Regional nature park Natura 2000 area
Vesoul	Spare parts warehouse	1,277,815	84%	Less than 1 km Over 3 km	Prefectoral biotope order Nature reserve

5.6.2. NOTABLE ACTIONS TO PROMOTE BIODIVERSITY

G.26 G.33 G4-EN12

5.6.2.1. CONSIDERING BIODIVERSITY AT PSA PEUGEOT CITROËN 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 supplemental 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.

Around ten impact studies are conducted every year on Group sites. In addition to these studies, environmental impact analyses of the business are conducted yearly as part of the ISO 14001 environmental management system in all of the Group's certified plants.

These analyses include:

- environmental issues such as GHG emissions, biodiversity, consumption of energy, health consequences, etc.;
- characterisation of the milieu of the site (environmental protection area, urban, 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 the 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 tree walks 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 on beekeeping by several employees, a shared bee colony consisting of six hives was set up, allowing for discussion 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 the nature in the immediate surroundings.

5.6.2.2. THE CARBON SINK IN THE AMAZON: AN ENVIRONMENTAL, SCIENTIFIC AND SOCIO-ECONOMIC COMMITMENT

The Peugeot brand, in partnership with France's National Forestry Office (ONF), is pursuing the carbon sink project it has sponsored in the Amazon since 1998. Scheduled to run through 2038, 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 helping to revitalise the biodiversity, especially by maintaining native plant species, with the aim of restoring balance to the ecosystem.

Indeed, the Amazon rainforest is home to more than half of the world's terrestrial biodiversity.

INTENSIFICATION OF CO_2 SEQUESTRATION

In the first 15 years, the amount of CO_2 sequestered is estimated at 384,655 tonnes including 218,425 tonnes VCS certified (Verified Carbon Standard). The carbon assessment published at the end of 2014 confirms an acceleration in recent years, amounting to around 50,000 tonnes per year to date, compared with the 30,000 tonnes per year, half of which were VCS certified in the first ten years of the project. The sequestration varies from one parcel of land to another, depending on the plantation method (spacing) and the varieties planted. The calculations are based on the AR/ACM0001 methodology of the GIEC (intergovernmental expert group on climate change).

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

The Peugeot-ONF carbon sink project is the first reforestation project in Brazil to generate certified carbon credits following the VCS certification protocol and the second in South America. The results of the assessment performed in 2014 will enable the Group to exactly identify how many VCS credits will be added to the 110,000 tonnes already generated by the first certification in 2011. This operation aims to ensure additional financing to the project's reforestation work. In total, 2 million trees of over 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 large area for study which is 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 CORE OF A REGIONAL AND INTERNATIONAL INITIATIVE

Harmonious integration into the region's economic and social fabric is also part of the carbon sink project's long-term outlook. 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 legal 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. It encourages small local producers to develop sustainable forestry systems (agro-forestry and woodland grazing among others).

Almost 20 French and Brazilian organisations (governmental, private, university) took part in PETRA's first scientific Board, which coincided with the XIVth Scientific and Technical Board of the Forest Carbon Sink in April 2014. This event allowed the 50 French, Brazilian and African experts who took part to show the interest and exemplary nature of the initial project launched by Peugeot and the ONF in 1998.

5.7. SCOPE AND METHODOLOGY OF REPORTING

G4-20 G4-22 G4-23

REPORTING METHODOLOGY

The environmental 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 the indicators of the GRI G4 guidelines and a cross-reference ratio with the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code (Grenelle 2) are available at the end of this report.

The reported data are from the manufacturing plants (PCA, PCI and Peugeot Motocycles), 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).

Note that certain 2013 results were restated to reflect more detailed data reported after the earlier CSR report was published. The restatements have been explained each time the difference exceeded 1%.

SCOPE OF CONSOLIDATION AND COVERAGE RATE

Joint ventures: the scope of reporting 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.

Within these joint ventures, PSA Peugeot Citroën performs its role as a shareholder and industrial partner with a long-term growth outlook. Therefore it takes its CSR responsibilities just as seriously in these joint ventures as it does in its other operations.

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

The Peugeot Citroën Group holds shares in the following industrial automotive joint ventures or joint operations:

- TPCA, located in Kolín in the Czech Republic, a joint operation with Toyota;
- DPCA, located in Wuhan and Xiangyang, Hubei Province, China, a joint venture with DongFeng Motor Corp.;
- CAPSA, located in Shenzhen, China, a joint venture with China Changan Automobiles;
- Sevelsud, located in Val di Sandro, Italy, in cooperation 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 CSR reporting, as PSA Peugeot Citroën holds a 70% interest.

Since 2007, at PSA Peugeot Citroën's initiative and with the agreement of the co-shareholder, Dongfeng Motor Corp., DPCA has been publishing Sustainable Development Reports – it was the first such report ever prepared by a carmaker in China.

SCOPE OF THE AUTOMOTIVE DIVISION

The plants of the Automotive Division, PCI (Process Conception Ingénierie) and PMTC (now Peugeot Motocycles) included in the scope of consolidation are as follows:

PCA (35 sites)	**France**	Belchamp Bessoncourt Caen Carrières-sous-Poissy Charleville Hérimoncourt La Ferté-Vidame La Garenne Metz	Meudon Mulhouse Paris Grande-Armée Paris 17e 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		
PCI (1 plant)	**France**	Saint-Étienne		
PMTC (1 plant)	**France**	Mandeure		

The Aulnay industrial site was removed from the reporting scope for 2014 due to its being shut down in late 2013. Nevertheless, the Group continues to control the site's environmental impact.

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.

Concerning the dealership networks of the Peugeot and Citroën brands (AP/AC), the following sites are included in the scope of reporting:

- the dealership network for the Peugeot and Citroën brands;
- the registered offices of the import subsidiaries;
- PSA Peugeot Citroën spare parts warehouses;
- regional training centres;
- regional divisions.

The list of country subsidiaries which provided their data in 2014 is given below.

A subsidiary in a country includes one or more establishments (sites). Thus, 408 Peugeot or Citroën establishments are included in the reporting.

Note: for sites whose data are consolidated from invoicing, the results are consolidated with those of the main site.

Most French training centres were included, for Peugeot within the regional divisions and for Citroën within the subsidiaries. Dealership network sites were also grouped, this was the case for many of Peugeot's sites in Spain.

Brands 59 country subsidiaries	**Peugeot** **17 country subsidiaries**	Algeria Germany Argentina Austria Belgium Chile	Croatia Spain France Italy Japan Mexico	Poland Portugal United Kingdom Switzerland Turkey
	Citroën **18 country subsidiaries**	Germany Argentina Austria Belgium Croatia Denmark	Spain France Ireland Italy Japan Norway	Netherlands Poland Portugal United Kingdom Sweden Switzerland
	Dual-brand **24 country subsidiaries**	South Africa Germany Argentina Austria Belgium Brazil Croatia Egypt	Spain France Hungary Italy Japan Malaysia Mexico Netherlands	Portugal Czech Republic United Kingdom Russia Slovakia Slovenia Switzerland Ukraine

Coverage rates presented under the tables for the Peugeot and Citroën brands correspond to the percentage of total sites concerned by these given indicators, that reported data for the year. 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, the data concern all sites.

For the Peugeot and Citroën brands, the reporting period corresponds to a rolling year from 1 November of year N-1 to 31 October of year N.

The environmental data for Banque PSA Finance represent a marginal proportion of the Group's emissions, so they are not included in this reporting, although they do appear in the reporting of the Banque PSA Finance Management Report.

The data presented in the tables below have been audited by an outside third party, Grant Thornton, according to the procedures outlined in the first page of this report.

KEY

Automotive: Peugeot Citroën Automobiles S.A. operations in France (production plants, R&D centres, office facilities). Consolidation of automotive activity relates to 36 sites including PCA France, PCA outside France, Sevel Nord, la Française de Mécanique and PCI. 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 25 sites. The Aulnay industrial site was removed from the reporting scope for 2014 due to its being shut down in late 2013.

PCI: Process Conception Ingénierie operations (one site).

Automotive trade: operations of the Peugeot and Citroën proprietary networks (Peugeot Citroën Retail dealerships, import subsidiary registered offices, spare parts warehouses, regional training centres and regional offices). The scope of reporting for the Automotive trade covered 170 Citroën sites, 207 Peugeot sites and 38 dual-brand sites, for a total of 415 sites. Only entities open at the start of the reporting campaign in November 2014 are reported, with the exception of nine of them, which progressively shut down activities in 2014. With regard to newly opened sites, only entities open for at least six months during the reporting period are taken into consideration,

Other activities: Peugeot Motocycles operations (PMTC, one site).

6 ETHICAL PRACTICES, ECONOMICS AND CORPORATE GOVERNANCE

PSA Peugeot Citroën has identified three significant challenges in terms of "governance, ethical practices and economy":

- ethical practices in business relationships;
- direct economic value distributed;
- 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 Peugeot Citroën has set up the following systems.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
ETHICS IN BUSINESS RELATIONS	Ensure the ethical practice of business, "zero tolerance" for corruption	Anti-corruption measures are deployed and assessed across all the Group's activities, including the supply chain	100% of the entities concerned undergo assessment of corruption risks	Objective achieved: 42 entities assessed their corruption risks. 100% of Divisions reporting to the Chairman carried out an ethics review	Campaign to renew support for the Code of Ethics, deployment of a specific action plan on anti-corruption
DISTRIBUTION OF ADDEDVALUE	The Group does not resort to artificial structures that facilitate tax evasion	The Group meets obligations of fiscal transparency and compliance with regulations in each of the countries where it operates	New public commitment	The distribution of added value is published in the CSR report	The Group has published its fiscal policy
TRANSPARENCY AND INTEGRITY OF INFLUENCE PRACTICES	Ensure the regular 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	Registration of the Group in the registers of interest representatives of the French National Assembly and the Senate	Objective achieved	Deploy the "code of conduct" of heads of public affairs in the Group's Divisions / Regions

The PSA Peugeot Citroën has taken the provisions required 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 story of the Group has given rise to a corporate culture based on respect and responsibility. This ethical requirement is formalised by policies, signing of agreements (Global Framework Agreement) or adoption of international benchmarks (Global Compact). PSA Peugeot Citroën reaffirms its ambition to be the industry benchmark for responsible development.

This ambition is expressed by collective commitments to its stakeholders: customers, employees, 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 ethical approach is based on three components:

- ethical guidelines (the Code of Ethics);
- ethical governance and a structured reporting, warning and monitoring system;
- a rigorous deployment process.

6.1.1. THE GROUP'S ETHICAL POLICY AND ITS REFERENCE DOCUMENTS

6.1.1.1. THE GROUP CODE OF ETHICS G.40

In 2010, PSA Peugeot Citroën 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. Translated into 20 languages, the Code applies to all the Group's subsidiaries, including Banque PSA Finance, with the exception of Faurecia, which has its own Code of Ethics.

  Along with an illustrative document "Daily ethics", an operational guide comprising examples of situations which might occur, the Code of Ethics is made directly available to employees on the Group's Intranet. It is part of the new employee documents given to all new staff;
- "Compliance with the Code of Ethics" is the operating procedure in the Group's procedure manual, which every employee is expected to apply. It can be viewed on the Group's intranet. It sets out the practical obligations for employees and management in terms of ethics, actions to take and procedures to follow in the event of questions or if breaches of the Group's ethical principles are identified and the respective roles of each body. In particular, it states that with the setting up of Division Ethics review and its standard, divisions must follow formal procedures in managing ethical issues and must meet at least once a year to assess their corporate ethical practices.

  This rule includes detailed instructions about fraud, anti-competitive behaviour, insider trading and corruption, in accordance with the requirements of the UK Bribery Act which came into force in 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 inside the Group.
- In 2014, a practical guide on anti-corruption intended for all Group employees was published and promoted in an in-house communication campaign through the web portal "Live in PSA". 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.

6.1.1.2. THE DEPLOYMENT OF THE CODE OF ETHICS

CODE OF ETHICS

Roll-out of the new Code of Ethics was supported by a robust cascading process, with extensive involvement by managers at every level. In 2010, Group executives and senior managers, including the senior executive team, were requested to demonstrate their commitment to these rules by completing an electronic questionnaire and personally signing the Code. They also agreed to cascade the Code down to their teams and to promote its principles.

This signing up process via electronic questionnaire and signature was deployed in 2011 among executives and continued into 2012 and 2013.

At the end of 2013, the Code of Ethics had been published in 20 languages. It has been rolled out in 29 countries and 21,890 managerial level employees have now formally and personally committed to the Code of Ethics.

After this phase of massive geographical development and personal commitment, 2014 was the year of increased understanding and appropriation of the Code at operational management level.

Furthermore, a practical anti-corruption handbook specifying Group policy on this issue was published in French and English in September 2014. Prepared by the Corporate Secretary, it is easily accessible to all via the Group Intranet and applies to all countries.

6.1.2. PREVENTING FRAUD, CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR 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;
- separation 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 Rules; anti-corruption guidelines, fraud prevention systems, etc.;

2) the training programme, which includes:
   - awareness-raising modules such as the ones that went with the Code of Ethics buy-in programme,
   - classroom based training modules (competition, corruption) or e-learning modules on the same themes. These modules, which are directly operational, are designed to train employees about the regulations and risks that apply directly to their activity and on the corresponding Group recommendations and priorities;

3) mechanisms and Standards for detecting, correcting and preventing behaviours that are liable to lead to breaches of the Code of Ethics: rituals in the Divisions and Ethics Reviews, the functioning of the various relay networks.

   In accordance with the recommendations of the Ethics Committee, Division ethics reviews were conducted in 2014, in the 19 divisions that report directly to the Chairman of the Management Board as well as in the five additional entities, whose activities are of a nature that implies a special process (Services and Parts department, Information Systems department, Peugeot Citroen Retail, Banque PSA Finance, Strategy department). Conducted in a standardized way, Ethics review consist in assessing the Department activities with respect to the rules of the code and determining the risk of breach of these rules according to a scale of four levels. The risk of corruption is, in particular, systematically explained, reviewed and assessed.

   The Division ethics risk profile obtained from the review is submitted in a visual and summary form.

   Ethics reviews are concluded by the choice, made by the Head of department, of the two or three priority action areas for the next period and determination of related specific action plans.

   The consolidation of this work by the Group provides the Ethics Committee with a general mapping of ethics-related risks and to identify all the ongoing action plans in each Department. These action plans are subject to progress reviews and will be monitored in each department in 2015;

4) core or "dominant" themes: in 2014 as in 2015, the themes selected were:
   - compliance with competition laws,
   - prevention of corruption,
   - control of information,
   - respect/protection of personal data.

6.1.2.1. ETHICAL GOVERNANCE G4-DMA G4-SO3 G4-SO4

The way in which ethics and compliance governance function is described in the corresponding "Compliance with the Code of Ethics" operating procedure.

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, Human Resources and the Head of Audit and Risk Management.

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 Management's ethics reviews. It also decides on the development of tools and reference systems of the Ethics system;
- ensuring operational deployment: setting and monitoring of annual targets, tracking of indicators. It guarantees the proper functioning of relay networks;
- analysing, processing and tracking reported "ethics cases";
- being the contact person 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 Financial and Audit Committee.

CHIEF ETHICS OFFICERS

The Ethics Committee is supported in particular by a global network of 12 Chief Ethics Officers, who report to it. This network covers the regions in which the Group operates and is tasked with ensuring local compliance with ethical principles. Chief Ethics Officers are often HR managers of the area or Legal Departments of the country or area concerned. They ensure systematic reporting to the Ethics Committee of local ethical cases and problems and assess on a case by case basis the need to directly alert the Committee, prior to the enquiry.

A specific fraud-prevention system is placed under the responsibility of the Group Ethics Committee. The Committee delegates its management, investigations, incident follow-up and reporting to the Group's Security Department.

FRAUD DETECTION MANAGERS

Each Department has a Fraud Detection Manager who supports the Chief Ethics Officers. They are in turn relayed by 48 Local Security Managers appointed in each Group establishment. In all, nearly 80 persons, excluding auditors, distributed according to the activities of the Group, establishments and regions provide optimum coverage for the Group. They are specifically tasked with alerting and informing the Ethics Committee about instances of fraud and monitoring action plans in place.

SUPPLIER AUDITS

For the non-Group scope, this system is also completed for suppliers through supplier CSR audits made by the Purchasing Division. Since 2010, the Group has conducted 51 social and environmental audits with Tier 1, 2 or 3 suppliers. They systematically involve an audit of anti-corruption practices and policy. These audits complete the self-assessment made by all the suppliers themselves. In the CSR questionnaire that they are systematically sent, they assess the maturity of their anti-corruption policy and system.

A FOUR-TIER ETHICS AND COMPLIANCE GOVERNANCE

- The Divisions are the **first level** of implementation of the ethics policy. They are coordinated by the Corporate Secretary (Risk, Ethics, Group Security, etc.) and with the support of the Legal Affairs Department and Human Resources Department. The Departments carry out the main tasks of the Group's ethics and compliance process, under the responsibility of the Director. In connection with the Division 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 systematically assessed.

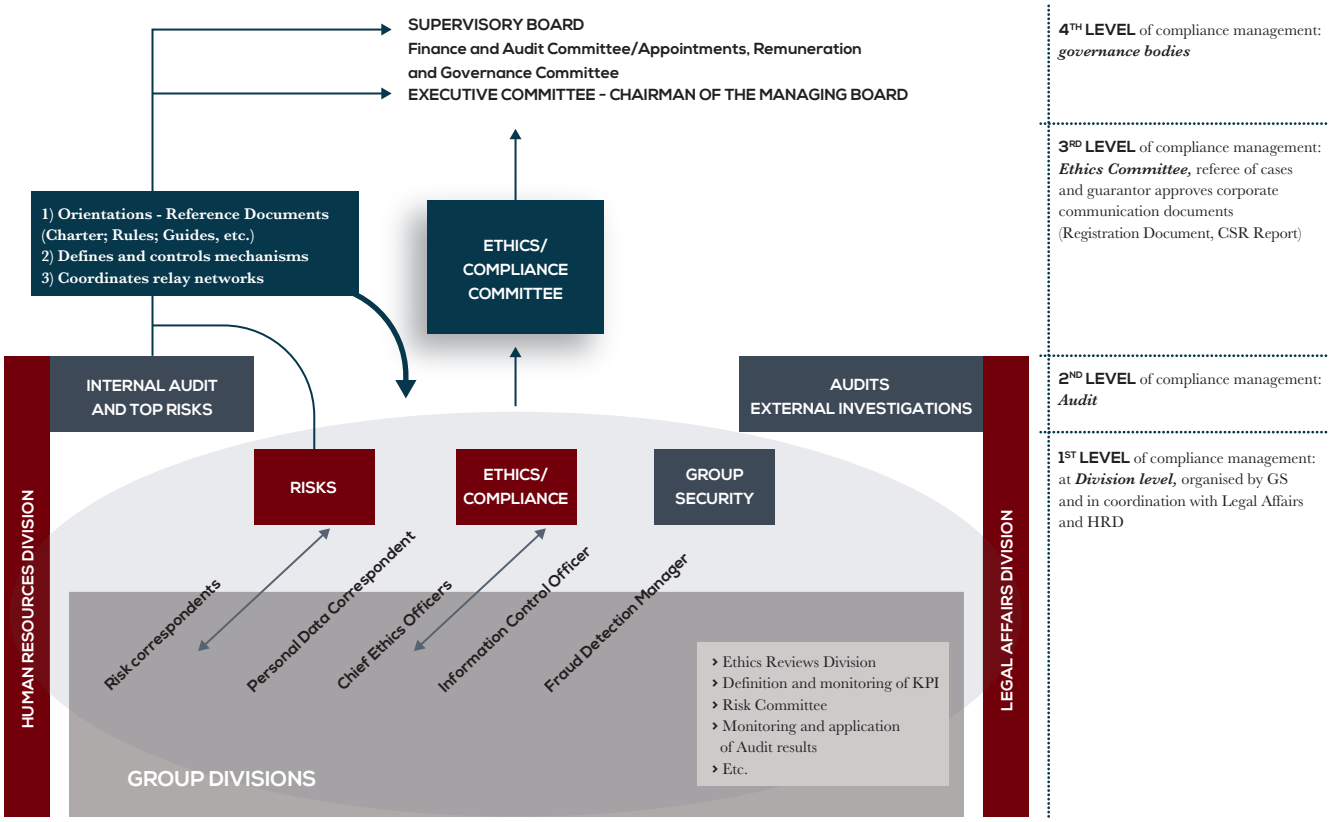
  At the end of 2014, the risks of corruption were therefore assessed in 24 departments or entities. Furthermore, since some departments correspond to Regions, in which there are both industrial establishments and business entities, the assessment of the risk of corruption was made at country or area level, or even at the entity or establishment level. Thus for the Europe Division, the risk of corruption was assessed in 18 of the Division's 20 core sites in 2014. The risks of corruption assessed concerned partner and supplier relations, and in particular: the application of guidelines concerning gifts and invitations; issues of prevention of conflicts of interest, links links with B2B fleet buyers, the reputation of partners and the application of due diligence guidelines.

  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 Divisions 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 Divisions 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 intervenes at the **third level** when necessary, as a referee of difficult cases and guarantees that the mechanisms are functioning correctly;
- the Supervisory Board and the Committees concerned intervene at the **fourth level**:
  - if the case is referred to them by the Managing Board,
  - as part of the annual presentation of the ethics process to the Supervisory Board, during which a specific review is made to the Supervisory Board on the measures taken to prevent fraud, corruption and anti-competitive behaviour.

ETHICS AND COMPLIANCE SYSTEM

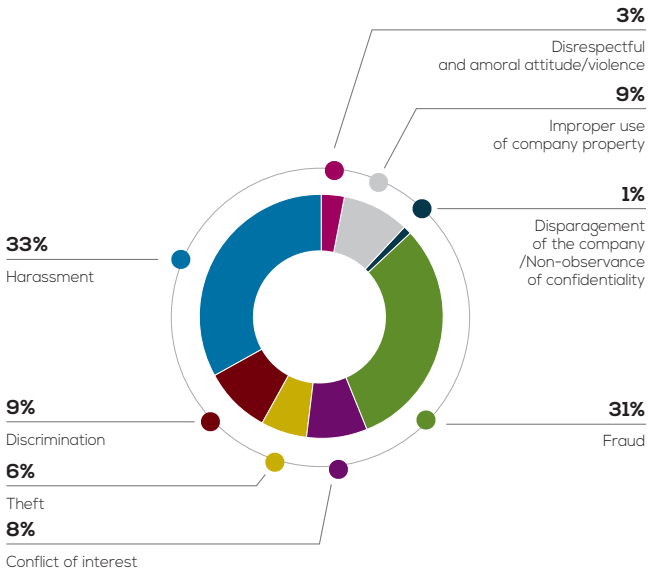


CONTROL MECHANISM

- The principles of separation of powers, and, in the area of management control, the need for two or three signatures, depending on the type of commitment and amount of the transaction, help to limit and detect possible acts of fraud or corruption.
- The prevention, control and supervision system is built around the following departments and units:
  - the Group Security Department defines the resources to be deployed, in particular to prevent fraud and corruption;
  - the Audit and Risk Management Department consolidates, assesses and prioritises 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 presents an annual review of the process to the Supervisory Board.

6.1.2.2. METHODS FOR HANDLING ETHICAL ISSUES

BREAKDOWN OF CASES REPORTED TO THE ETHICS COMMITTEE IN 2014



Questions about ethical issues are handled as follows:

- employees faced with behaviours or situations that are contrary to the rules of the Code of Ethics have different options for action, which guarantee the confidentiality of their request. 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 Officer, 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 channels above;
- a whistle-blowing system using a dedicated Intranet site has been introduced in Latin America. For instance, 92 cases were reported through this channel in 2014 and the investigation resulted in the dismissal of eight employees. In this region, a local Ethics Committee handles cases of non-compliance in Argentina, Brazil, Chile and Mexico, in close liaison with the Group Ethics Committee. A whistle-blowing 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 "harassment" and "diversity" email addresses as additional ways of reporting a problem and setting off 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. The system is structured around prevention, detection, investigation and treatment processes, as well as continued improvement:

- prevention and deterrence are provided by the departments that have committed, among other things, to abide by the minimum measures of the internal control system: updating delegations of authority, separation of tasks, two-signature requirements, best practices in terms of managing access to the information systems, etc.;
- for fraud detection, the Group Security Department relies on a network of Fraud Detection Managers, one in each department, and 48 Local Security Managers appointed from the establishments;
- investigations are overseen by the Group Security Department, in close collaboration with the Legal Affairs Department and the Human Resources Department. Decisions/sanctions are implemented by the department's operating officer. 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;
- lastly, to ensure continuous improvement, fraud cases are analysed by the Group's Security Department and Auditing and Risk Management Department in terms of potential repeated fraud, the ability to detect it more quickly and its impact to reduce the loopholes in the system.

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:

- documents committing the Group with regard to stakeholders:

  The Global Framework Agreement on Social Responsibility was renewed in May 2010. Anti-corruption is one of the 15 commitments of this agreement. Signed 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 separation 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 is the foundation of all our operating procedures. It includes detailed guidelines concerning fraud, anti-competitive behaviour, the prevention of insider dealing and corruption, in accordance in particular with the *UK Bribery Act*,
- the practical guide to anti-corruption that summarises Group policy on this issue;

- supplier documents:

  These issues are covered in the "Supplier Guidelines for PSA Peugeot Citroën'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 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:

- subsidiaries in the United Kingdom: "Conflict of Interest and Anti-Bribery Policy" implemented following the adoption of the *Bribery Act* in the UK;
- 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 include 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. 2014 DEPLOYMENT AND RESULTS G4-SO5 G4-SO7 G4-SO8 G4-SO11

2014 DEPLOYMENT: TRAINING AND AWARENESS-RAISING

FOR EMPLOYEES

TRAINING ON HUMAN RIGHTS AND ETHICS POLICIES AND PROCEDURES
(Group scope, situation in 2014)

	2014		2013	
Areas	Number of hours	Number of employees	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	4,338	1,518	9,869	1,573
Compliance with internal regulations, Global Framework Agreement, data privacy guidelines, etc.	30,461	8,521	22,555	7,961
Corruption, conflicts of interest, etc.	1,831	887	2,097	854
Competition and corruption + fraud, classroom based	2,157	1,343	459	293
Code of Ethics			884	1,843
TOTAL	**38,787**	**12,269**	**35,864**	**12,524**

In 2014, total training on ethics in the broad sense represented 38,787 hours for 12,269 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, Peugeot Citroën is committed to fighting against all forms of corruption and avoiding conflicts of interest.

1,518 employees received specific training on equal opportunities, diversity and anti-discrimination (4,338 hours of training). A module of 30,461 hours of training on compliance with internal regulations, the Global Framework Agreement, IT regulations and fraud prevention involved 8,521 employees.

- All PSA Peugeot Citroën employees must behave in line with current laws and regulations, whether national or European, when performing their work. These regulations must therefore be known by all employees. Targeted training on issues such as competition and corruption were rolled out by experts from the Legal Department and the Corporate Secretary's Office to employees with exposed functions, in particular in the Sales and Purchasing Departments. Thus, in addition to the 140 employees already trained at the end of 2013, 775 employees from 11 countries received a classroom-based course on competition law.

  With respect to anti-corruption, in 2014, 261 employees received a classroom-based course while 304 took a web-based course.

- Pursuant to the Global Framework Agreement on Social Responsibility, PSA Peugeot Citroën is committed to fighting against all forms of corruption and avoiding conflicts of interest. Every Group employee has been informed of this commitment and made aware of its importance.

FOR SUPPLIERS

PSA Peugeot Citroën 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 Peugeot Citroën's Corporate Social Responsibility Standards".

PSA Peugeot Citroën has also defined guidelines for buyers to discourage corrupt practices.

ETHICS RESULTS IN 2014

The Ethics Committee met four times in 2014 in accordance with the quarterly mode of operation defined.

CASES OF CONFLICTS OF INTEREST

There were no core cases of conflict of interest reported in 2014.

CASES OF CORRUPTION

There were no convictions for corruption in 2014.

CASES OF NON-COMPLIANCE WITH COMPETITION LAWS

In December 2014: Peugeot Citroën Argentina, with seven other carmakers, received a notification from the National Commission for the Defence of Competition. Peugeot Citroën Argentina was fined €14 million for selling vehicles in a no-tax zone, Tierra del Fuego (TDF), for price-fixing among carmakers in this zone and for failing to let customers enjoy tax benefits. Like the seven other carmarkers, who have also been fined for the same offence, the Group has appealed the decision.

In 2011, the subsidiary Peugeot Turquie Popas was fined €6,098,648. Peugeot Turquie Popas has appealed the decision. The proceedings are ongoing.

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.

Banque PSA Finance has implemented the following procedures, pursuant to the Order of 3 November 2014, on the internal control of banking institutions (formerly under CRBF Regulation No. 97 02), procedures and systems to prevent risks which all financial institutions may encounter, especially in terms of its control and ethics policy:

- an Internal Controls Charter sets out the basic principles of how its internal control system is organised and operated: this document is given the widest possible circulation. It can be viewed on the Bank's intranet site. This Charter develops and explains the principles of role separation and preventing conflicts of interest.

  For example, the process for allocating and monitoring IT rights for employees or service providers incorporates a system to verify that there are no conflicts between the various rights assigned. Each entity of the Banque PSA Finance group must also ensure, when preparing and revising its instructions, procedures and powers (and when it reflects on its structure) that the principles of role separation are adhered to and conflicts of interest prevented. Also, the bodies which control operational risks aim to ensure the prevention and early treatment of risks by identifying, assessing, monitoring and managing them;
- an anti-money-laundering and terrorism system (LCB-FT) is in place. It is based on a Banque PSA Finance framework agreement which includes local procedures, checks on risks identified for each operational process, reporting tools that allow the Corporate Compliance Department to manage the application of Group policy on this issue and monitor the action plans adopted if necessary.

  Within this system, focus may be placed on tools for detecting persons whose assets have been frozen so that a relationship is not entered into 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. Focus is given to another component, AML and CFT training, to provide targeted and operational training to employees depending on their risk exposure;
- BPF adheres to the Code of Ethics of PSA Peugeot Citroën, the provisions of which were reminded to all employees in a letter from the executive management in September 2014;
- a specific training course concerning customer data protection has been deployed for employees at the Banque PSA Finance registered office, i.e. for around 400 employees;
- lastly, in addition to the various systems described above, BPF has implemented a professional whistle-blowing system that allows any Group employee to inform the Corporate Compliance Officer of any non-compliance situation linked to the institutions' activities. 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 PEUGEOT CITROËN G4-EC1 G4-EC4 G4-DMA

DISTRIBUTION OF ADDED VALUE
(Automotive and Banking Divisions)

	2013		2014	
Revenue *(€ million)*		38,023		36,674
Distributions	*(€ million)*	*(as a % of revenue)*	*(€ million)*	*(as a % of revenue)*
CAPEX + R&D [1]	2,585	6.5%	2,743	7.5%
Public sector [2]	1,033	2.6%	801	2.2%
Employees [3]	334	0.8%	330	0.9%
Shareholders [4]	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 (2.4% on average in 2014).
(4) Dividends paid to Peugeot S.A. shareholders for the previous year.

Moreover, the value distributed for the community amounted to nearly €6.5 million for 2014 (see section 7.2.1.2). It includes the corporate projects supported by the Group, the initiatives led by the Peugeot and Citroën brands, the Local Social Responsibility Plans deployed by the sites, and the budget allocated by the PSA Peugeot Citroën Foundation to selected projects.

SUBSIDIES RECEIVED
(Automotive Division)

Under subsidies received in Europe published in the financial statements, there were €199.9 million in 2014 (of which €166 million of tax credit), versus €164.9 million in 2013 and €101 million in 2012. 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. the 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 issues 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 quickly and professionnally a disagreement with the tax authorities, 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 affairs 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 seeks to meet two objectives: optimise the creation of value for its shareholders and comply fully with all relevant legal and regulatory obligations, in line with the expectations of the various stakeholders;

4. the tax policy conducted by the Group 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.

6.2.3. COMPENSATION OF CORPORATE OFFICERS 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

Until 2014, the compensation components of the members of the Managing Board were made up of:

- an annual fixed part;
- an annual variable part;
- supplementary pension plan.

FIXED COMPENSATION

The fixed annual compensation paid to the Chairman of the Managing Board and members of the Managing Board reflects their responsibilities. It has not changed since 2009.

In 2014, the annual fixed compensation paid to the Chairman of the Managing Board was €1,300,000. The other members of the Managing Board were paid €618,000. Mr Grégoire Olivier, a Managing Board member based in China, also received a distance allowance corresponding to half of his base salary on an annualised basis.

BONUS

Bonuses are designed to align the compensation paid to members of the Managing Board with the Group's annual performance and to contribute year on year to the implementation of its strategy:

- it is expressed as a percentage of fixed yearly compensation;
- the Chairman of the Managing Board is entitled to an incentive bonus representing up to 150% of his annual base salary;
- other members of the Managing Board are entitled to an incentive bonus representing up to 110% of their annual base salary;
- it depends on precise, pre-established, ambitious objectives. At the suggestion of the Appointments, Remuneration and Governance Committee, the Supervisory Board determines at the start of the year the qualitative and quantitative objectives for the year.

  Targets for the Managing Board as a whole and individual objectives are assigned to them.

Objectives set for 2014: As for all Group employees benefiting from bonus payments, it was decided to implement a trigger condition and a discount coefficient depending on the free operating cash flow. Therefore, if the free operating cash flow in 2014 for the manufacturing and commercial companies (excluding restructuring plans and non-recurring items) is:

- below 0, no bonus is paid,
- €0 to €400 million, only the individual targets are paid at 50% and collective targets are not paid,
- over €400 million, targets are normally paid to the extent they are met.

CHAIRMAN OF THE MANAGING BOARD

On a target of 150% of salary:

- 80% of the target bonuses (i.e. 120% of the salary) of the Chairman of the Managing Board corresponded to the overall Group target being achieved concerning the operating free cash flow of the manufacturing and commercial companies (excluding restructuring plans and non-recurring items);
- 20% of its target bonus (i.e. 30% of the salary) was represented by an annual and individual performance target according to a qualitative evaluation by the Supervisory Board of his performance of his role in 2014, assessed according to managerial success and shareholder relations criteria.

OTHER MEMBERS OF THE MANAGING BOARD

On a target of 110% of salary:

- the overall Group targets represented 75% of the target bonus (i.e. 82.5% of the fixed salary) of the other members of the Managing Board and were made up of:
  - the Group's level of recurring operating income (excluding Faurecia) (representing 70% of collective Group targets),
  - the safety level of personnel (representing 10%),
  - the level of service quality and average Group vehicle failure rate (representing 20%).

  The required achievement levels were determined precisely, in relation to the corresponding budget items;
- the annual individual performance targets represented 25% of the target bonus (i.e. 27.5% of the salary) of the other Managing Board members. These individual targets were in line with the respective executive functions. The figures are not made public for confidentiality reasons.

ALLOCATION OF PERFORMANCE SHARE OPTIONS

From 2008 to 2014, the members of the Managing Board were not allocated any performance options or shares.

DEFINED BENEFIT PENSION PLAN

At the end of the work by the Appointments, Remuneration and Governance Committee, a new rule approved by the Supervisory Board was applied to the supplementary pension plan, applicable to members of the Managing Board and employees who are not corporate officers. The change took effect on 1 January 2014. It fully replaces the previous rules.

Under the new rule, members of the Managing Board and the other beneficiaries (employees who are not corporate officers), receive a collective, variable and supplementary plan.

To receive the plan, employees must have been a plan beneficiary for at least eight years (five years if these immediately precede retirement) and be present at the time of retirement. The pensions paid are limited to 30% of the reference compensation equal to the average of the last three years' salary and the last eight years of bonuses.

The additional pension amount is calculated as follows:

- 3.5% of the reference compensation per year in the plan, this percentage being reduced to 2.5% for each year the performance conditions linked to the Group's results are not met;
- 1% per year at the Group during which the person did not receive the plan;
- capped at 30% of the reference compensation.

Consulted by the Appointments, Remuneration and Governance Committee prior to implementing the new plan, the AFEP-MEDEF high committee of corporate governance considered, in an opinion dated 16 December 2013, that this plan complied with the AFEP-MEDEF Code recommendations as revised in June 2013.

Total compensation for the members of the Managing Board was determined by taking into consideration the benefit that this supplemental pension scheme represents.

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.

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.

SHAREHOLDERS' OPINION ON THE COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

Information regarding compensation payable to Managing Board members, which will be submitted to the Shareholders' Meeting of 29 April 2015 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to listed companies (see section 24.3), are presented in section 8.1. of the Registration Document.

SUPERVISORY BOARD COMPENSATION

Supervisory Board members and non-voting Board members are paid annual directors' fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. Pursuant to the decision of Peugeot S.A.'s Annual Shareholders' Meeting of 31 May 2011, this amount has been set at €1,000,000 until further notice.

Upon a motion by the Appointments, Remuneration and Governance Committee, the Supervisory Board meeting of 29 April 2014 established a variable portion in the allocation of directors' fees, in line with member attendance:

- a fixed portion of €20,000 per year;
- a variable portion of €4,000 for each Board meeting attended (including by audio-conference or videoconference). This variable portion is capped at €20,000 per year.

The Supervisory Board decided to maintain the compensation conditions of members of Supervisory Board Committees: €15,000 per year for membership of a Committee. This amount is raised to €30,000 per year for the Chairman of the Finance and Audit Committee and €20,000 per year for the Chairs of the other Committees.

A variable component in the compensation of non-voting Board members was also established in 2014: the fraction of directors' fees that will be paid to them will now be made up of a fixed portion of €10,000 per year, and a variable portion of €2,000 for each Board meeting attended (including by audio-conference or videoconference). This variable portion is capped at €10,000 per year.

These new principles of allocation of directors' fees came into force in the second half of 2014. It must be pointed out that the compensation to be paid to members of the Supervisory Board who were in office during the first half of 2014 has been calculated according to the rules in force until this day, and on a prorated basis.

The gross annual compensation of the Chairman of the Supervisory Board was reduced from €425,000 to €300,000 (in addition to directors' fees). The gross annual compensation of the Vice-Chairmen of the Supervisory Board was maintained at €40,000 (in addition to directors' fees).

In 2014, as he had done in 2013, Louis Gallois waived his compensation as Chairman of the Supervisory Board and the directors' fees due to him. Anne Valleron (representing employee shareholders) also waived her directors' fees as she had done in 2013.

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 concerns communications between a representative of interests and a government decision-maker: it contributes to shedding light on decisions and plays an increasing role in their formulation.

Lobbying is a perfectly legitimate and responsible activity when it complies with certain principles.

PSA Peugeot Citroën supports responsible lobbying that contributes to public debate, in line with its ethical principles of integrity, respect and transparency.

6.3.1. GROUP ORGANISATION

The Public Affairs Department manages, for Europe, relations with French authorities (government, parliament, public agencies and administrations, local authorities), European Union institutions, foreign governments and, by extension, the 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 on these issues 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 Peugeot Citroën;
- informing government authorities and opinion leaders about PSA Peugeot Citroën'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 Peugeot Citroën with regard to the European Union (Commission, Parliament, Council, etc.), and regarding all public institutions in countries where the Group has operations or interests, and regarding trade associations (ACEA, ANFAC, CCFA, MEDEF, PFA, SMMT, VDIK), as well as 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 Peugeot Citroën's Excellence System.

6.3.1.2. MONITORING PRACTICES

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 Peugeot Citroën has signed the EU code of conduct for Lobbyists and the French codes of the National Assembly and the Senate.

6.3.1.3. RESOURCES G4-SO6

In 2014, about 20 PSA Peugeot Citroën 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.

The Group dedicates resources to its lobbying activities that are mostly, for the national portion, published in the Lobbyists register of the French National Assembly, and for the European portion, published in the EU Transparency Register, under the reference 399 008 07 417 – 87 (in 2014, this was between €300,000 and €350,000).

When deploying its influence strategies, the Public Affairs Department relies in particular on the expertise of consulting firms specialised in responsible lobbying practices.

The Group does not make financial contributions to political parties.

6.3.2. THE GROUP'S PUBLIC POLICIES AND POSITIONS

In line with its CSR commitments and issues (see Chapter 1 of this report), PSA Peugeot Citroën contributes to issues of public debate related to industry, the automotive sector, ecology and the environment, transport and mobility, road safety, and regional development. It defends the following positions:

COMPONENT	CHALLENGE	GROUP POSITION
Sustainable mobility	CO_2 emissions from vehicles and fuel consumption	**Global harmonisation of standards** With increasing global awareness, the eco-car of the future remains a core topic of public debate. With respect to regulations on CO_2 emissions of vehicles, the Group defends the idea of a worldwide harmonisation of emission measurement cycles and test procedures. More generally, the Group asserts that there is no "one-size fits-all" technology that will produce a carbon-free environment. Instead, reducing overall carbon 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 widely 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. It is taking part in the development and assessment of electric infrastructure technologies and standards, particularly EV recharging technologies and plug-in hybrids. 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. For these markets to reach maturity, it is essential that incentives for purchase and advantages (such as free parking) be visible and stable over time. Concerning biofuels, the Group is in favour of introducing blends of up to 10% to achieve a meaningful impact quickly. That said, it is important to apply sustainability criteria in developing a biofuel industry, notably to address the potential conflict between using crops for fuel instead of food. **Automotive taxation** To ensure a global reduction in CO_2 emissions, the Group recommends that the regulatory and tax framework be solely based on the CO_2 emissions criteria, regardless of the technology used. Nevertheless, certain high-cost technologies need incentives to jump-start wider demand for products that are currently too expensive for most people, such as electric vehicles and hybrids. The taxation of vehicles based on a CO_2 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. Lastly, as a pioneer in deploying the Diesel particulate filter, PSA Peugeot Citroën is against plans to crack down on Diesel that would destabilise European car markets and hamper efforts to reduce vehicle carbon emissions. The proposal to overhaul Directive 2003/96/EC on the taxation of energy products and electricity includes increasing excise duty on Diesel, with a minimum tax equal to the tax on petrol from 2015, rising to a higher excise tax on Diesel from 2018: - this revision would have a significant negative impact, in the short term, on the competitiveness of Diesel vehicles compared with petrol vehicles and would compromise the ability of carmakers to achieve CO_2 reduction targets set by the EU, since this effort is highly dependent on the excellent carbon performance of Diesel vehicles; - PSA Peugeot Citroën strongly recommends not sending a signal that contradicts EU policy on reducing CO_2 emissions, and which furthermore would significantly hamper the competitive position of the French automotive industry; - it is PSA Peugeot Citroën's opinion that increasing taxes on Diesel would run counter to efforts to mitigate climate change and would affect the competitiveness of French carmakers. To avoid these impacts, we recommend retaining lower tax rates on Diesel, or at least not raising them above the rates applicable to petrol.
	Air Quality	**The problem of the older car population** The impact of road transport on pollution in urban areas is primarily due to older vehicles. Urban pollution will be reduced primarily by removing these older vehicles from the car fleet. Conversely, new Diesel vehicles have exhaust emissions that are similar to those of petrol vehicles, thanks to EURO 6 standards. There are therefore no grounds to penalise them, especially since this would run counter to the drive by the auto industry to continually reduce its impact on the environment, notably by diminishing CO_2 emissions. **The definition of the "green vehicle"** In connection with the bill on energy transition towards green growth, which will be adopted in France at the beginning of 2015, the Group is attentive to the decree that will define clean vehicles and the creation of restricted driving zones.

COMPONENT	CHALLENGE	GROUP POSITION
	Innovation	**Research funding** The Group takes part in many research programmes with research laboratories and institutes. This is materialised with the hiring of doctoral candidates under CIFRE contracts, participation in automotive clusters in France such as Movéo and Vedecom Institute (working on the Carbon-free and Communicating Vehicle project), and the development of StelLab, a network of OpenLabs where the Group conducts joint research with leading international laboratories. As part of the "Investment for the Future" and "Car of the Future" programmes, the Group is participating in or leading innovation and experimentation projects in particular on the themes of lighter-weight vehicles, electric vehicles and hybrid vehicles. To drive the technological breakthroughs needed, in particular, to reduce greenhouse gas emissions (CO_2) and other pollutants, the Group must fund significant R&D expenditure. For this, it has support from the European Union (European Investment Bank), projects under the Horizon 2020 project etc.). Hearing on 14 October 2014 at the French National Assembly (Finance Committee). **PSA Peugeot** Citroën Representative: Vice-President, Research and Advanced Engineering Subject: The 2 l/100 km vehicle Content: - *Presentation of the progress of the "**2 l/100 km vehicle programme**";* - *Number of projects filed;* - *Related timetable.*
	Vehicle quality and safety	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. **The connected vehicle** 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 Peugeot Citroën 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. The launch of a European eCall service proposed for 2015 by the European Commission should not hinder the development of an emergency call system by PSA Peugeot Citroën, which is already in widespread use (1.5 million vehicles equipped with the feature in 17 European countries). Indeed, the Group has deployed a high performance telematics solution that can serve as a springboard for innovative telematics services, such as emergency calls, assistance, fleet management support and electronic service records. The Group confirms its intention to develop tertiary safety, connected mobility services and cooperative Intelligent Transport Systems (ITS). **Vehicle safety** Vehicle passive safety performance continues to improve despite the constraint to reduce vehicle weight to meet lower carbon emission targets. 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 technologies. Consumer safety tests by the New Car Assessment Programme (NCAP) continued to develop worldwide in 2014 driven by the Global NCAP organisation, (China NCAP, Latin NCAP, K NCAP and Asean NCAP). With the rating of driving assistance systems, the importance of primary or active safety in EuroNCAP tests continues to increase. PSA Peugeot Citroën insists with consumer bodies (NCAP) that the assessment criteria used be based on actual accident analysis efficiency. **Road safety** 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. Road safety measures must now be envisaged most often at the European level. **Driving licence** The PSA Peugeot Citroën has informed the government and certain parliamentarians about its concerns about the abnormal waiting times for taking driving tests.
	Environmental impact of materials and end-of-life	**The circular economy** The Group is engaged in the circular economy. It promotes the repair of its products and to this end, it develops an offering of standard spare parts and second-hand parts. 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). The Group promotes the adoption by EU Member States of best practices for the implementation of the European Directive on the treatment of end-of-life vehicles (ELV). It supports professionalism and performance improvement in the recycling industry (ELV decontamination centres, shredding, post-shredding sorting, etc.) to increase the recovery and recycling rate to 95% by 2015. It is part of the ADEME ELV steering committees. PSA Peugeot Citroën leverages its knowledge and experience of recycling in Europe to develop the industry in other areas of the world, such as Russia and China.

COMPONENT	CHALLENGE	GROUP POSITION
	Customer satisfaction	**Consumer personal data protection** 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: - harmonise standards for companies and ensure consumers of increased protection of their personal data; - enable European companies to reinforce their competitiveness with non-European competitors, who will also be subject to these standards once they process data on European citizens. 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. PSA Peugeot Citroën is also studying the possibility of enhancing the value of services to customers obtained from an internal big data system (sourced by its rolling stock), which is yet to be built.
Procurement/ Supply Chain	Supplier relations and purchasing practices	**Structuring of the industry** The PSA Peugeot Citroën supports the automotive industry. It is very active within the Automotive Industry Platform (PFA) and Regional Associations of the Automotive Industry (ARIA), by seconding employees, managing working groups and by sitting on all the committees of the PFA. 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. 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: - quality performance (in particular during the launch of new products or operations to qualify new facilities); - logistics performance; - training. The Group works with some 3,200 supplier sites worldwide, 2,200 of which are in Europe. This demonstrates its commitment to better prepare the future by developing a partnership suited to our partner's skills, from R&D for some, to production. The Group has signed the High Performance and Best Practices Code promoted by the PFA and in this respect supports all the initiatives of the PFA and public authorities aimed at ensuring the optimum application of this code. **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 provides supports to companies of the automotive industry in the amicable settlement of disputes (industrial relations between customers and suppliers).
	Social and environmental standards for purchasing	**Development of the supply chain CSR** At the European level, in collaboration with other carmakers, PSA Peugeot Citroën is working to improve the social, ethical and environmental performance of the automotive supply chain based on five development areas: - 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	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. The impacts of applicable European legislation or legislation undergoing transposition to national law (REACH regulation and Seveso directive on substances and their use, IED directive on industrial emissions, Energy Efficiency directive, CO_2 Quota directive, Refrigerant regulation) are myriad for the Group, and have led to substantial works to replace or adapt the production tool to these constraints. There are also tax implications with respect to CO_2 quotas or the implementation of Guidelines on State aid. These community-wide obligations are combined with national regulations that cover other application scopes, the impact of which may also prove significant in terms of investment.
Governance and ethics	Ethics and balance in business relations	**International commercial relations** The Group pays very close attention to the rapid developments in the conditions of international trade, especially to the coming into effect of free trade agreements between the EU and other countries. The Group aims to promote a commercial policy fostering reciprocity and mutual benefits, the reduction of non-tariff barriers, and UN-ECE convergence. These principles are promoted by the Group, in particular, in the ongoing negotiations between the EU and Japan or the United States for which reciprocity will enable a win-win agreement and the concurrent implementation of regulatory harmonisation and reduction of customs duties.
Societal	Involvement in host communities	The Group is present in regions where the car plays an unquestionable economic role. 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.). PSA Peugeot Citroën also contributes to the development of companies of the future, for example, through the use of revitalisation funds.

COMPONENT	CHALLENGE	GROUP POSITION
Workforce-related	Social dialogue and responsible management of jobs and skills	The Group defends taking into account the regulatory provisions concerning the need to match the resource requirements and skills to its business performance needs. **Hearing** on 23 July 2014 at the French National Assembly PSA Peugeot Citroën Representative: the Parliamentary relations delegate Subject: Fact-finding mission on the CICE (tax credit for competitiveness and employment) Content: Reminder of the point of the work factor in the cost of manufacturing one car; - *Indication of the amounts corresponding to the CICE: less than 2% of the total France payroll;* - *Provision of quantified data on how the CICE was used;* - *Indication of previous tax increases that decreased the impact of the CICE.* **Hearing** on 2 October 2014 at the French National Assembly (Social Affairs Committee) PSA Peugeot Citroën Representative: Executive-Vice President, Human Resources Subject: Apprenticeship Content: - *Presentation of PSA Peugeot Citroën's apprenticeship policy;* - *Number of apprentices recruited;* - *Outlook and related funding measures.*

On the other hand, on 21 May 2014 at the National Assembly (Economic Affairs Committee), the Chairman of the Managing Board presented PSA Peugot Citroen's position and the "Back in the Race" programme.

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. THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

The Company refers to the AFEP-MEDEF Corporate Governance Code, which was revised in June 2013, after adaptation for a *société anonyme* (joint stock corporation) 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 MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD G4-LA12 G4-40

SUPERVISORY BOARD

After the capital increases performed in April 2014, the Company implemented a balanced membership of the Supervisory Board, with 14 members, including:

- six members appointed on the proposal of the three main shareholders:

  These representatives are currently: for the Peugeot family group, Marie-Hélène Peugeot Roncoroni (permanent representative of Établissements Peugeot Frères) and Robert Peugeot (permanent representative of FFP), for the French State, Bruno Bézard (appointed as representative of the French Republic pursuant to Article 39 of the "NRE" law of 15 May 2001) and Florence Verzelen (permanent representative of SOGEPA), and for the DongFeng group (via Dongfeng Motor (Hong Kong) International Co., Limited), Xu Ping and Liu Weidong;
- six independent members (mentioned below);
- one employee representative and one employee shareholder representative (mentioned below).

The Board is chaired by an independent member. The Board has conferred the title of Vice-Chairman upon three members of the Board, on the proposal of each of the three main shareholders.

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 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 Annual Shareholders' Meeting.

In 2014, two meetings of the independent members of the Supervisory Board were organised.

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 articles of association (Article 10.I B) voted by the Annual 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 Articles of association (Article 10.I C).

CURRENT MEMBERSHIP

At 17 February 2015, the Supervisory Board had the following members:

Members of the Supervisory Board	Title	Age	Date of first appointment	Term of office expiry date	Independent according to the criteria of the AFEP-MEDEF Code
Louis Gallois	Chairman	71	12/02/2013	2018 AGM	√
Bruno Bézard	Vice-Chairman	51	29/04/2014	2018 AGM	
Marie-Hélène Peugeot Roncoroni	Vice-Chairman Permanent representatives of Établissements Peugeot Frères	54	02/06/1999	2018 AGM	
Xu Ping	Vice-Chairman	58	29/04/2014	2018 AGM	
Patricia Barbizet	Member	60	24/04/2013	2017 AGM	√
Pamela Knapp	Member	57	31/05/2011	2017 AGM	√
Jean-François Kondratiuk	Member (employee representative)	65	24/04/2013	2018 AGM	
Liu Weidong	Member	48	29/04/2014	2018 AGM	
Robert Peugeot	Permanent representative of FFP	64	06/02/2007	2017 AGM	
Henri Philippe Reichstul	Member	65	23/05/2007	2017 AGM	√
Dominique Reiniche	Member	59	25/04/2012	2016 AGM	√
Geoffroy Roux de Bézieux	Senior Independent Supervisory Board Member	52	23/05/2007	2017 AGM	√
Anne Valleron	Member (representing employee shareholders)	61	24/04/2013	2017 AGM	
Florence Verzelen	Permanent representative of SOGEPA	37	29/04/2014	2018 AGM	

(AGM: Annual Shareholders' Meeting)

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

The Board's meetings are also attended by one non-voting advisor. According to the Internal Rules of the Supervisory Board, this advisor is appointed by the Supervisory Board for a term of four years. Pursuant to the shareholders' agreement to which the Company is party, each of the three main shareholders is entitled to request the appointment of an Advisor to the Supervisory Board. To date, Frédéric Banzet has been appointed Advisor to the Supervisory Board by the Supervisory Board meeting of 29 July 2014 at the request of the companies Établissements Peugeot Frères/FFP.

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.

INCREASED REPRESENTATION OF WOMEN

Since July 2014, the Supervisory Board has had six female and eight male members; women account for 42.8% of the members (compared with 33.33% in 2013 and 21% in 2011). Thus, it was early in meeting the target of 40% which had been set for 2017 by the law of 27 January 2011 and for 2016 by the AFEP-MEDEF Code.

INCREASED INTERNATIONALISATION

The Supervisory Board has four members of foreign nationality (Pamela Knapp, Xu Ping, Henri Philippe Reichstul and Liu Weidong) and all non-employee members have experience within an international organisation.

This balanced membership ensures the quality of the debates and decisions taken by the Supervisory Board.

INDEPENDENCE OF BOARD MEMBERS

Following preparatory work by the Appointments, Remuneration 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 7 February 2015:

- 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), Dominique Reiniche, Geoffroy Roux de Bézieux (Senior Independent 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 percentages in accordance with the AFEP-MEDEF Code).

Please refer to section 13.1 of the Registration Document for further developments about the Supervisory Board's composition (introduction of the members, developments in 2014, 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. CONFLICTS OF INTEREST CONCERNING SUPERVISORY BOARD AND MANAGEMENT BOARD MEMBERS G4-41

The corporate officers have declared that no conflict of interest occurred during 2014 between their obligations to Peugeot S.A. and their personal interests or other obligations, and that none existed at the date of this Corporate Social Responsibility 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.

The Supervisory Board introduced rules for preventing conflicts of interests in its internal rules in 2014. These rules are set out in section 3.2 of the Registration Document: *"Any member of the Supervisory Board who may find himself or herself, even potentially, directly or through an intermediary, in a situation of conflict of interests with regard to the corporate interest, must notify the Chairman of the Supervisory Board or any other person designated by the Chairman, of this situation. 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. This Code of Ethics was updated by the Supervisory Board in July 2014 to take into account certain recent changes as a result of regulations and the AFEP-MEDEF Code. 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.). The new 2014 version 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 2014. 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 2014, 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. For the Board, more particularly, this information reflects the care it takes to complete its composition with members who have specific knowledge in the area of Finance (Patricia Barbizet, Pamela Knapp) or marketing and Commerce (Dominique Reiniche). Pamela Knapp also brings her knowledge of another market to the Board.

Louis Gallois, the Chairman of the Supervisory Board, has a long and diverse experience in core industrial companies. The Board therefore 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, it is 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, Remuneration 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 February 2013 by an external firm (Spencer Stuart). Given the change in membership of the Supervisory Board which took place in April 2014, no Board assessment took place in 2014. An external evaluation is scheduled for the second half of 2015.

In accordance with the recommendations of the AMF, the Supervisory Board will examine the Group's corporate and social responsibility policy in the first half of 2015.

According to the ranking established for 2014 by the consultancy firm Ethics and Boards published by the State Secretariat for women's rights, the PSA Peugeot Citroën ranks 25th for female representation in management bodies. In 2014, 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 Peugeot Citroën 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, the personal objective of Mr Tavares in 2014 was linked to his performance in the taking up of his duties, assessed through criteria related to managerial success and relations with shareholders. For the other members of the Managing Board, a part of the Group collective objectives is represented by the safety of personnel and the level of quality of service.

6.6. SCOPE AND METHODOLOGY OF REPORTING

METHODOLOGY OF REPORTING

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

Joint ventures: the scope of reporting 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 Peugeot Citroën exercises its role as shareholder and industrial partner in a perspective of long-term development.

PSA Peugeot Citroën 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 (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 Sandro, Italy, in cooperation with Fiat;
- PCMAv Automotiv RUS, located in Kaluga, Russia, in joint operation 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 Peugeot Citroën has a 70% stake in its shares.

The scope of the Banking Division: the data of Banque PSA Finance is included in this reporting scope.

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

PSA Peugeot Citroën 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;
- management of customers' personal data;
- 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 Peugeot Citroën is pursuing the initiatives presented below.

SCOREBOARD

CSR ISSUES	COMMITMENT	AMBITION 2025	TARGET 2014	RESULTS/ POSITION 2014	EXPECTED RESULTS/ ACTIONS 2015
SOCIALLY RESPONSIBLE MOBILITY	Enhance the Group's outreach initiatives in the area of access to mobility.	The PSA Peugeot Citroën Foundation is a benchmark player in socially responsible and sustainable mobility in the countries where the Group has manufacturing operations	Support for the creation of 18 socially responsible mobility platforms under the Mouv'UP! programme	2014 target met: two socially responsible mobility platforms, among those supported, are already in operation (Brive-la-Gaillarde and Parthenay)	Continue with the roll-out of about a dozen socially responsible mobility platforms under the Mouv'UP! programme
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 the beneficiaries of social integration initiatives pursued by the PSA Peugeot Citroën Foundation in France	Target met	10,000 beneficiaries of social integration initiatives
MANAGEMENT OF CUSTOMERS' PERSONAL DATA	Use customers' personal data with care across all marketing and sales activities	PSA Peugeot Citroën is recognised as a benchmark corporate citizen in terms of its respect for consumer privacy	Review of procedures to ensure compliance with the new regulatory framework expected in 2017	Target met	Commitment to the integration within CRM applications of new regulatory developments planned for 2017
RESPONSIBLE MARKETING	Ensure that all the Group's marketing efforts comply with the UDA's Charter of Responsible Communication Commitments for Advertisers	The Group presents the responsible communication actions carried out each year in its CSR report			
INVOLVEMENT IN HOST COMMUNITIES	Issue addressed through the management of jobs and skills, philanthropy, procurement practices, etc.				

7.1. INVOLVEMENT IN HOST COMMUNITIES G.34 G.35 G4-EC7 G4-EC8 G4-SO1

PSA Peugeot Citroën employs nearly 190,000 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 (these actions are described in section 4.2.3);
- by exercising responsible management of structural transformations (these actions are described in section 3.2);
- 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 Peugeot Citroën 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 Peugeot Citroën 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: 81% of projects are located in France and 19% overseas. 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 Peugeot Citroën 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

2014

	Monetary contribution	Time volunteered by employees calculated in terms of equivalent hours paid	Donations in kind	Overhead expenses	Total	
Monetary donations and grants	€1,160,000	-	€140,000	€336,000	€1,636,000	25.1%
Community investments	€1,009,700	€12,870	€86,486	-	€1,109,056	17.0%
Business initiatives	€3,770,000	-	€5,200	-	€3,775,200	57.9%
TOTAL	**€5,939,700**	**€12,870**	**€231,686**	**€336,000**	**€6,520,256**	
	91%	0.2%	3.6%	5.2%		

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 Peugeot Citroën 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: 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 February 2014 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. The Foundation's team prepares a scoring form for each proposal, evaluated on the basis of six criteria: the relevance of the initiative, its innovative nature, the approach to project management, the project's social impact and the number of beneficiaries, the extent of involvement of the project's employee sponsor (where applicable), and the community served by 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 300 projects, drawing on a network of some 30 local delegates and around 150 PSA Peugeot Citroën employee sponsors.

RESULTS IN 2014

At 31 December 2014, the Foundation had donated a cumulative total of €7.2 million to various public interest organisations. In 2014, donations totalling €1.3 million were paid to support 104 projects in four main areas:

a. "mobility and social integration, emergency outreach": These are initiatives to help people join the workforce or to assist especially underprivileged populations;

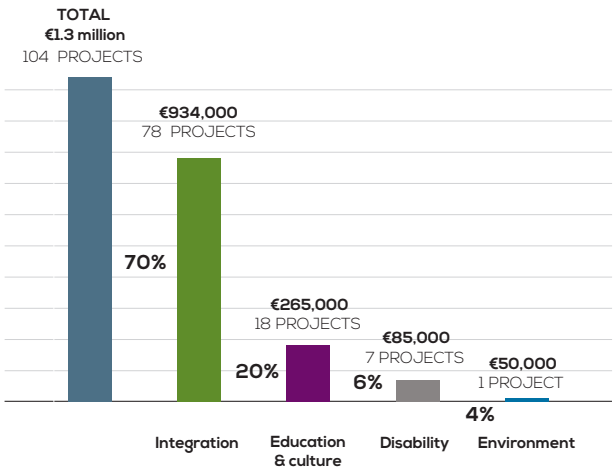
b. "mobility and educational and cultural action": These programmes use mobility to promote equal opportunity and give at-risk youth a second chance;

c. "mobility and disability": The goal of this programme is to increase autonomy and improve the quality of life for disabled persons;

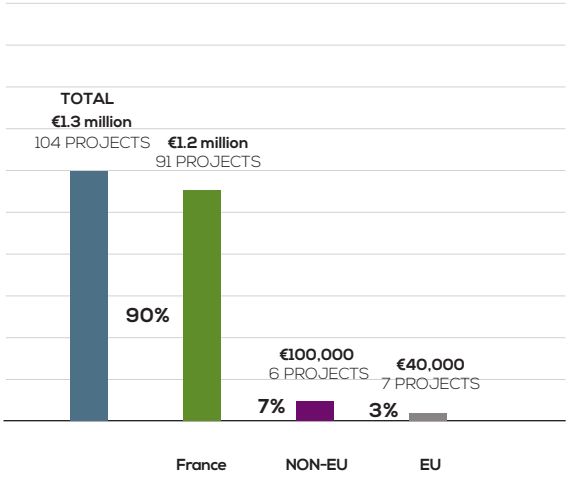
d. "mobility and the environment": mobility and the environment initiatives seek to build awareness among people of all ages around issues of sustainable mobility and the preservation of biodiversity.

BUDGETS ALLOCATED BY THE FOUNDATION IN 2014

BUDGETS FOR PROJECTS UNDERTAKEN BY CATEGORY



BUDGETS FOR PROJECTS UNDERTAKEN BY REGION



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 Peugeot Citroën in service of organisations or projects relating to mobility.

In 2014, for the second edition of the Foundation Awards, its jury evaluated 121 proposals submitted from around the world in the area of socially responsible mobility, representing a 40% increase compared with 2013, finally selecting four who received the top prize of €10,000 and 16 who received the merit prize of €5,000. The Group's employees were then invited to submit votes online to select an "Employee Favourite" from among these winners. Some 9,000 employees took part in this process, crowning a project from Slovakia as the winner. This strong level of involvement by the Group's employees illustrates once again the adoption of the Foundation's values and goals at all Group sites as well as PSA Peugeot Citroën'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 Peugeot Citroën Foundation to structure its activities. These actions are described in section 2.0.2.1 of this report.

PSA Peugeot Citroën allocated a budget of €1 million to IVM in 2014.

7.3.2. SOCIALLY RESPONSIBLE MOBILITY PROJECTS

7.3.2.1. MOBILITY AND SOCIAL 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 2014, the Foundation had helped over 130 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 assessments and consulting, reduced-rate car rentals, door-to-door transportation services, assistance for obtaining driving 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. In particular, these efforts are behind the launch of the Mouv'UP! programme in 2013, which calls for the creation of 18 socially responsible mobility platforms in the space of two years, by mobilising participants already quite active, but working separately, in a given community. The first two platforms made possible by Mouv'UP! were inaugurated in 2014, at Parthenay and Brive-la-Gaillarde.

- **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 2014, the Foundation supported 11 solidarity garages in France. Examples include Access Auto 62 and the organisation GESSAIE.

- **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. One of these structures is La Clef du Permis, an organisation operating a driving school in Valenciennes.

- **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. One exemplary organisation in this category is Vert Bocage in Bayeux.

- **Transport services and transportation 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 nation-wide initiative aims to reach out to isolated families and individuals in response to the country's higher rates of poverty, ageing population, scaled-back public services, and difficult-to-access areas. In 2013 this three-year-old partnership became real when mobile care units were created with financing from the Foundation. These units fill basic needs like food, clothing and shelter, psychological attention and 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.

Over the three years of its existence, the PSA Peugeot Citroën 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, Renault, Caisse d'Epargne), NGOs (Secours Catholique, Wimoov, FACE) and institutions (Pôle Emploi, FASTT, CNML). In 2014, the Foundation's work programme included a forward-looking study on senior mobility, a survey of best practices in support of mobility in seven industrialised countries and a pilot project for connected mobility services targeting vulnerable rural populations.

The call for projects launched together with the VINCI Foundation "Pour la Cité" and the VINCI Autoroutes Foundation for Responsible Driving on the theme of socially responsible mobility, in the context of the "Entreprises et Quartiers" Charter, has sparked great interest among players varying widely in size and structure (282 projects received to date). A key aim of this call for projects was to favour projects involving volunteer participation by employees of the three groups in each of the projects. This partnership gave rise to the creation of an educational website under the title "3 Fondations pour la Mobilité", managed by a organisation specialising in socially responsible crowdfunding.

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.

More specifically in the area of emergency outreach, the Foundation supports organisations whose often mobile teams provide direct assistance on the ground to the underprivileged: help for the homeless, support for impoverished families, aid for isolated, marginalised and vulnerable people. Samusocial de Paris is the most emblematic of these organisations, whose collaboration with PSA Peugeot Citroën began in 1997. Thanks to the involvement of PSA Peugeot Citroën employees as volunteers, the Foundation has been able to organise special actions to increase the number of field staff or the size of teams manning the telephone hotline at times of intense need. In the course of a year Samusocial takes care of over 11,000 isolated people. The Foundation's total commitment to Samusocial de Paris since 2011 amounts to more than €450,000.

7.3.2.3. MOBILITY AND EDUCATIONAL AND CULTURAL ACTION

In 2014, the Foundation supported 18 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.
- **Culture** – The aim is to facilitate access to culture for those who lack easy transport options or who have difficulty getting around.

7.3.2.4. MOBILITY AND DISABILITY

In 2014, the Foundation supported seven 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.

7.3.2.5. MOBILITY AND THE ENVIRONMENT

Lastly, the Foundation aims to support projects for all populations working on the connections between the environment and mobility, such as sustainable mobility awareness campaigns and mobile educational projects relating to ecology and biodiversity.

Within this category, the partnership between the Foundation and France Nature Environnement, a French federation of over 3,000 environmental and nature conservancy organisations, continued in 2014 and resulted in the joint preparation of a guide intended for local elected officials, entitled "Giving cars their rightful place in tomorrow's mobility."

EXCEPTIONAL ACTION BY THE GROUP

In 2014, PSA Peugeot Citroën made a direct donation to Samusocial de Paris. This gift resulted from the resale, for recovery and recycling purposes, of a sizeable number of used mobile telephones, whose proceeds were donated in full to Samusocial de Paris. This donation is equivalent to the cost of an entire year of night-time street patrols.

7.4. SPONSORSHIP AND PHILANTHROPY TO GROW STRONG LOCAL ROOTS G.35 G.37

7.4.1. LOCAL PHILANTHROPIC INVESTMENT

PSA Peugeot Citroën 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 reputation and image of the PSA Peugeot Citroën Group. They foster local development and deepen the involvement of the Group's sites in these communities.

Group employees are very actively involved in all these 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. 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. In response to stakeholder concerns, these partnerships develop concrete local projects that are useful for everyone.

ACTIONS BY THE BRANDS

The brands support organisations all over the world, which are chosen by local representatives. In Spain for example, Citroën and Peugeot sponsored the conference and trade show entitled "The Future of Efficient and Sustainable Mobility in the Urban Environment: Smart Cities". In France, an auction held on 2 November 2014 featured the sale of two special-edition DS3 models (a sedan and a Cabrio) designed by Inès de la Fressange and presented at the Paris Motor Show. All proceeds from the sale were donated to Mécénat Chirurgie Cardiaque, a charitable organisation whose patron is Inès de Fressange that brings disadvantaged children around the world who were born with heart defects to France for surgery.

ACTIONS BY THE GROUP'S SITES

These local initiatives, put in place 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. One example is Plato Val de Seine, a programme run by the Chamber of Commerce and Industry for the Yvelines Department, in which the Poissy site has been an active participant since 2001. The site has selected two managers who provide coaching to micro-enterprises or small businesses in the Vallée de Seine region in order to help them improve their business performance. Each programme involves a two-year commitment between the businesses receiving assistance and the managers offering skills-based sponsorship.

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.

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 Peugeot Citroën's registered office, for use by employees. Upon the completion of this experiment, the bicycles were donated to BicycleAide, a socially responsible bicycle recycling and maintenance centre, where they were given a new lease of life. This organisation based in the Paris suburb of Clichy already has nearly 600 members and intends to take the shape of a cooperative, with the twin aims of creating permanent jobs and promoting bicycle use. The electric bicycles offered by Peugeot Cycles will be 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 like:

LOCAL CHILD ASSISTANCE AND EDUCATIONAL PROGRAMMES

- Actions by BPF in France (Crédipar):
  - Organisation of a raffle whose proceeds were donated to the European Leukodystrophy Association (ELA) to support research in this area and to the Institut des Parons (Aix-en-Provence), which treats children with intellectual disabilities, to fund the creation of a Snoezelen room.
  - Participation in the Course des Héros, a charity race held in June 2014, to support Rett syndrome research and the purchase of equipment designed for the young girls afflicted with this disorder.
  - Participation in actions at Hôpital Bichat in Paris, including the "Pink Blouses" campaign, whose aim is to offer fun activities to hospitalised children.
- In the United Kingdom, BPF continued its support for Children in Need. About 100 of the subsidiary's employees helped out at the call centre set up to receive donations from the public during the annual BBC telethon organised for the charity.

- In Poland, BPF donated mobile telephones and office furniture to an organisation for the blind that operates a school and educational centre serving 250 blind children and youths.

SOCIAL AND CHARITABLE ASSISTANCE:

- Actions by BPF in France (Crédipar):
  - Participation in the French national "Pieces Jaunes" campaign to support the Fondation des Hôpitaux de Paris,
  - Collection of bottle caps throughout the year on behalf of Handi-Cap-Prévention in Chatou, which uses the proceeds from the recycling of these caps to offer wheelchairs to the disabled;
- Actions by BPF in Spain:
  - Organisation of a solidarity event involving the sale of homemade cakes and biscuits. The proceeds were donated to JUNTOS CONTRA LA VIOLENCIA DOMÉSTICA, an organisation that assists victims of domestic violence, to support heating and drug costs for centres providing emergency accommodation for victims and their children,
  - Organisation of a collection of non-perishable food items for the Madrid food bank from 2 to 5 December to coincide with the annual "Great Madrid Collection" campaign. For this collection drive, PFES worked alongside PSA Peugeot Citroën's other Madrid-based entities to meet an overall goal of 1,000kg of food items,
  - Financial support and a team of volunteers from PFES offered to the solidarity initiative "YO TE INVITO A CENAR", which involved preparing a Christmas dinner for about 500 disadvantaged people in the Madrid region;
- Actions by BPF in the Netherlands:
  - Sponsorship of four activities by different organisations: a children's hospital and service dogs for the disabled,
  - Contributions (via the sale of Christmas cards) in the total amount of €2,500 for Plan Nederland (formerly Foster Parents Plan) to support a micro-lending project for young people;
- BPF in Brazil set up a solidarity action programme "PFBR SOCIAL AND ENVIRONMENTAL RESPONSIBILITY PROGRAMME", which pursued the following initiatives in 2014:
  - For a better world: gifts of toys, books, food, cleaning supplies, etc.,
  - For a sustainable future: solidarity car-pooling day, "plant a seed" campaign, recycling campaign, etc.

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. By collecting this data from all customers, the organisation is better able to take consumer expectations into account.

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.

7.5.1.1. COMPLIANCE WITH CONSUMER PRIVACY REGULATIONS G4-SO8 G4-PR8

As a manufacturer and retailer of automobiles, PSA Peugeot Citroën necessarily manages a great deal of information, including personal data relating to its customers. This information allows the Group to maintain lasting ties with its customers, as much in order to fulfil its obligations in terms of product warranties and safety as to satisfy customers and ensure their loyalty, over a usage and renewal cycle often longer than ten years.

By the end of 2015, current national legislation in France will be nullified and replaced by a European Union regulation with the aim of harmonising standards for companies and ensuring a high standard of protection for personal data, consistent with European values and fundamental rights. Companies will have two years to ensure compliance with the new regulatory framework.

The Group has launched an active monitoring process to prepare for the arrival of this new regulation and is already working to ensure a standard approach across the Group for the collection and administration of personal data in the management of relations with customers. At the same time, the Group is training its employees and is working to raise awareness around these issues at its entities, while also taking part in working groups along with other industry players and regulatory authorities to promote exchanges of best practices.

PSA Peugeot Citroën is thus focusing efforts on ensuring that its information systems can continually evolve in order to meet changing legal and regulatory requirements, in particular those relating to personal data.

Two main actions were carried out or launched in 2014:

- the standardisation of disclaimers included in the Group's contracts and subscription forms: this sends customers clear and systematic messages, over the entire course of their customer experience. The observance and updating of customer authorisations between the various information systems used in sales activities was revisited and brought up to date;
- an action plan to roll out the necessary procedures by 2017 in response to the anticipated regulatory changes.

INFRINGEMENTS OF CONSUMER PRIVACY REGULATIONS

(Legislation on the protection of personal data, scope: Peugeot subsidiaries excluding Algeria, Asia, Hungary, Slovakia and Citroen subsidiaries excluding Asia, Hungary, Slovakia – data unavailable at the time of reporting)

In 2014, 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 make up about 70% of total credits distributed by Banque PSA Finance and its subsidiaries, are subject to specific regulations that protect consumer rights. These regulations were strengthened in the EU by the adoption of Directive 2008/48/EC on credit agreements for consumers, which has now been transposed into national law by EU member states.

In France, the directive was transposed by way of the Lagarde Law, in force since 21 May 2011 and which has created new obligations for advertising, pre-contractual information, solvency studies of borrowers and contractual information, all of which have been implemented by Crédipar, the French subsidiary of Banque PSA Finance.

In 2014, the impact of the Lagarde Law was reinforced with the enactment of the Law of 17 March 2014 on consumer affairs, known as the Hamon Law, and particularly its aspects related to consumer credit.

As a member of the ASF, the French association of specialised finance companies, Crédipar played an active role in preparatory work, integrating the adjustments relating to its business. Its customers can now take advantage of a cancellation period for a vehicle sale tied to the cooling-off period granted for the credit agreement associated with this sale.

More generally, in the interests of quality and improving its customer processes, Banque PSA Finance has put in place a system for handling customer complaints designed to ensure the quality of service provided (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, Crédipar 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.

Crédipar also signed up to the "Agreement on amicable recovery of consumer credit" between the ASF and various consumer representative bodies. The Agreement seeks to guarantee customers that a number of 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.

Crédipar takes part in ASF working groups on the protection of consumers (borrowers) and the prevention against over-indebtedness.

Banque PSA Finance uses online surveys as a means to further improve customer satisfaction and the effectiveness of its after-sales teams. In the last two years, more than 35,000 customers, in 13 European countries, Argentina and Brazil, have responded to these surveys. Unsatisfied customers are contacted to clarify their situation in order to serve them better whenever possible.

7.5.2. RESPONSIBLE MARKETING

7.5.2.1. PSA PEUGEOT CITROËN'S RESPONSIBLE COMMUNICATIONS CHARTER

Prepared in 2007 by the Group's corporate teams, in partnership with the Marketing Departments at Peugeot, Citroën and DS, the Group's Responsible Communications Charter helps to ensure that its advertising and marketing reflect corporate social responsibility concerns, such as respect for people, the environment and awareness of the economic issues involved in buying a car.

PSA Peugeot Citroën'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 Peugeot Citroën 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:

Commitment 1: ensure that all the company's external communications comply with its internal responsible advertising standards:

- since 2011, every employee has access to guidelines to assist him or her when posting personal opinions and information on social networks or online in general;
- 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 Peugeot Citroën blog dealing with diesel engines, and it was decided that all communications staff would henceforth be trained in good advertising practices and responsible marketing;
- in 2014, the Communications function launched a coaching programme for staff making use of avenues on the Internet to share information.

Commitment 2: incite the company's audiences to adopt responsible behaviours

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

- for consumers:
  - product communications take account of Latin NCAP test results (equivalent to Euro NCAP for South America) and China NCAP (Asia),
  - as part of the rebuild of the corporate PSA Peugeot Citroën website, a specific CSR section was created enabling the commitments of the Group to be made more visible: sustainable mobility, environment, involvement on the ground, actions by the PSA Peugeot Citroën Foundation, etc.,
  - a media campaign in November 2014 highlighted the work of the Peugeot Connect SOS service,
  - best-in-class technologies were promoted to motoring journalists and customers, particularly the PureTech and BlueHDi engines, which reduce CO_2 emissions by about 25% (Citroën's "Dog Stretching" video spot),
  - 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,
  - organisation of test drives for motoring journalists in 2014 in cities favouring access by rail (and not solely by air), such as Amsterdam with test drives of the Citroën C4 Cactus and Citroën C1,
  - offer of onboard services allowing customers to track their fuel consumption and the carbon footprint of their vehicles through personal accounts online (e.g., MyCitroën) or to optimise consumption for trips by comparing them (Link MyPeugeot and Link MyCitroën),
  - Peugeot's partnership with Mobigreen, a training organisation for eco-driving, in order to offer 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. Another service, Peugeot Connect Fleet, allows businesses to track changes in fuel consumption, CO_2 emissions and odometer readings for each fleet vehicle using an online management tool;
- for Group employees:
  - materials explaining the benefits of eco-driving practices were distributed to French employees,
  - the French sites have held exhibitions highlighting the Group's work on road safety: innovations, actions by the PSA Peugeot Citroën Foundation, awareness-raising on road dangers before the big holiday rush, etc.,
  - campaigns to raise awareness of the different ways of saving energy were launched: partnership with "Énergies Solidaires" and implementation of an exhibition at all PSA Peugeot Citroën sites in France on this theme,
  - 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,

- in 2014, the Foundation Awards again offered an opportunity to encourage employee involvement in solidarity and educational initiatives, by giving prizes to the most worthy employee-sponsored projects with organisations supported by the PSA Peugeot Citroën Foundation.

Commitment 3: across all marketing initiatives, customers' personal data should be used with care:

- procedure for validation of advertising: Protection of personal data is verified and validated as part of the responsible advertising process;
- customer relations: to respect customer privacy, their testimonials are made anonymous before being used in advertising. All personal data collected from customers is stored on the Group's servers in France. In 2013, the Group appointed a data protection coordinator in each department and operating unit, responsible for the organisation of awareness workshops, creation of communications materials on this subject, etc;
- Peugeot signed a charter for the use of CRM data with its entire network in November 2014.

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

- The Executive Vice-President for Brands validates all press releases;
- Defined in 2004, the advertising validation procedures were strengthened in 2008 with the worldwide deployment of the Group's Responsible Communications Charter. All advertising campaigns in any countries where the brands market their vehicles have to comply with the Charter. They are reviewed by the brand to make sure they meet the rules laid down in the Charter. This process was optimised in 2013 for greater efficiency;
- This validation process for external communications was expanded to online communications, which are being used to an ever increasing extent.

Commitment 5: integrate environmental considerations into the criteria for the selection of communications materials

- concerning paper: the Group uses PEFC or FSC paper for recurrent publications (annual report, press kits, sales brochures, etc.) and optimises the number of copies. All marketing collateral is printed on PEFC-certified paper using vegetable-based inks. In France, the Group is a founding member of the French government's EcoFolio paper-recycling programme, to which it pays an eco-tax based on the reported annual amount of printed paper issued by Automobiles Peugeot, Automobiles Citroën and their dealers. EcoFolio then remits these funds to local authorities to support their paper sorting and collection systems;
- the Group's Internet and Intranet sites favour the use of hyperlinks and limit the use of file attachments;
- lastly, information about trade fairs, press test drives and other events is increasingly shifting to electronic media. During the international press test drives, for example, press kits are provided on a USB flash drive rather than in print. To reduce catalogue print runs, Citroën encourages users to download e-brochures from its website. Since 2011, each model's technical specifications are available only on the web. Since 2012, the Group's CSR report has been digitised and only available as a download from the Group's website. Peugeot ceased producing paper catalogues beginning with the 2014 Paris Motor Show (500,000 catalogues were distributed in 2012), replacing them with an e-catalogue. In 2014, Peugeot's press office moved to entirely paperless processes;
- the Group's policy for the management of documents seeks to store all of its archives in electronic form, thus limiting exchanges of paper documents;
- Citroën replaced its in-house magazine C Mag with the Intranet site Citroën Inside.

7.5.2.2. COMPLIANCE WITH REGULATIONS CONCERNING ADVERTISING, MARKETING, LABELLING AND CONSUMER INFORMATION

G4-DMA G4-PR3 G4-PR4 G4-PR7

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.

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 Citroën 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)**

System, installed just upstream of the particulate filter, transforms the NO_X continuously into water vapour (H_2O) and into nitrogen (N_2), both of which are inoffensive.

This new system also provides a considerable reduction in fuel consumption and CO_2 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 CO_2 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 Peugeot Citroën 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 CO_2 emissions of 110g/km. The Citroën C4 will be the Group's first model to benefit from the e-THP 130 from 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 CO_2 and to provide combined fuel consumption of 3.9l/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 3l/100km on the combined cycle, 69g/km of CO_2) and on the Cactus.

INFRINGEMENTS OF REGULATIONS ON ADVERTISING, MARKETING, LABELLING AND CONSUMER INFORMATION

(Scope: Peugeot subsidiaries excluding Algeria, Asia, Hungary, Slovakia and Citroën subsidiaries excluding Asia, Hungary, Slovakia – data unavailable at the time of reporting)

Infringements in 2014:

In Brazil, Peugeot and Citroën were ordered to amend a clause in their warranty manuals to ensure compliance with the country's consumer code. In this same country, four infringements by Peugeot relating to advertising resulted in total fines of €131,600.

In Spain, Citroën was required to pay a fine of €1,000 for the absence in an advertisement of the total price payable in the event of financing and a fine of €2,000 was imposed on Peugeot because a price shown did not correspond to that of the precise model featured in an advertisement.

Lastly, in Denmark, Citroën was required to amend the disclaimers included in its financing offers and paid a fine of DKK 100,000.

7.5.2.3. RESPONDING TO CONTROVERSIES: THE 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.

8 APPENDICES

8.1. CONCERNING THIS REPORT

Measured by operational indicators, the Group's sustainable development performance is the subject of annual reporting presented in this document "2014 CSR Report – Social and Environmental Responsibility", which is covered in Chapter 2 of the 2014 Registration Document as well as in the 2014 Sustainable Development and Activity Report.

8.1.1. REPORTING PERIOD

The information and indicators in this report concern the year 2014, and were closed at the end of the period, on 31 December 2014.

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 2014, was published in April 2015.

The previous report, covering financial year 2013, was published in April 2014.

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 par. 5 of the French Commercial Code resulting from law No. 2010-778 of 12 July 2010 on the national environmental commitment (the "Grenelle" Act) applicable since 2012 and in line with GRI G4 (Global Reporting Initiative) recommendations.

They are the result of taking into account expectations of stakeholders and rating agencies. This report presents the Group's commitments, visions and achievements on all issues, whether very or a little material.

8.1.5. GLOBAL REPORTING INITIATIVE G4-32

A cross-reference ratio with GRI indicators may be found at the end of this document "2014 CSR report – Social and Environmental Responsibility", published by the Group for its Automobile and Banking Divisions. The reported data concern the production plants (PCA, PCI and Peugeot Motocycles), the R&D centres, the main office sites, the Peugeot and Citroën proprietary dealership networks and the logistics platforms of companies fully consolidated within the Group.

For the 12th 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 1st 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 recommendation of "Compliance" – Basic Criteria of GRI G4.

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 firm (Grant Thornton).

The firm attests to the presence of PSA Peugeot Citroën's CSR information.

The financial data or data on the governance of the company drawn from the Registration Document have also been by examined an outside third party whose report appears in the Registration Document.

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 Peugeot Citroën, 75, avenue de la Grande Armée 75116 Paris, or contact the department by email at: sustain.psa@mpsa.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 Peugeot Citroën.

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" segment now includes the subsidiaries PCA, PCI; AP/AC, Française de Mécanique, SevelNord, manufacturing facilities outside France, R&D facilities and tertiary facilities in France. For the automobile subsidiaries, only the PCA subsidiary is obligated to publish detailed social responsibility and environmental information. They appear in this document.

  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, is now included in the 2014 reporting,
- the Aulnay industrial site was excluded from the reporting scope for 2014 due to its being shut down in late 2013. Nevertheless, the Group continues to control the site's environmental impact;

- "automotive trade" activities: these include 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;
- "Other Businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy, and Banque PSA Finance (BPF).

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 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 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 of the chapters.

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 CROSS-REFERENCE TABLE G.4 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 2014 CSR report	Outside verification
STRATEGY AND ANALYSIS		
G4-1	1.1.	yes
G4-2	*1.3.2.1./ 1.3.2.3.*	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	4.1.1/4.1.2/8.2.1/1.2.3	yes
G4-14	1.3.3.	yes
G4-15	1.4.3.1.	yes
G4-16	1.4.3.2.	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	1.4.1.	yes
G4-25	1.4.1./ 1.4.2.	yes
G4-26	1.4.2.	yes
G4-27	1.4.2.	yes
PROFILE OF THE REPORT		
G4-28	8.1.1	yes
G4-29	8.1.3.	yes
G4-30	8.1.2.	yes

General information items	Section of the 2014 CSR report	Outside verification
G4-31	8.1.7	yes
G4-32	8.1.5/8.3.1./ 8.4.	yes
G4-33	8.4.1.	yes
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 2014 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)*			
G4-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			yes
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: Vehicle CO_2 emissions/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
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

GRI G4 aspects: DMA and associated indicators	Section of the 2014 CSR report	Omissions	Outside verification
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
Transportation *(Threshold 3: Environmental/logistical optimisation)*			
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	4.3.1., 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
SOCIAL			yes
Employment *(Threshold 1: Responsibly managing jobs and social dialogue)*			
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: Responsibly managing jobs and social dialogue)*			
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
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	4.3.1. 4.3.2		yes
Mechanisms for settling employment grievances *(Threshold 1: Responsibly managing jobs and social dialogue)*			
G4-DMA	3.6.1		yes
G4-LA16	3.5.1/3.5.2		yes

GRI G4 aspects: DMA and associated indicators	Section of the 2014 CSR report	Omissions	Outside verification
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	4.3.1. 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			yes
Local communities *(Threshold 3: Donations and philanthropy)*			
G4-SO1	7.1		yes
G4-SO2	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
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	4.3.1. 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

GRI G4 aspects: DMA and associated indicators	Section of the 2014 CSR report	Omissions	Outside verification
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: G.X

Expected by the decree	PSA Peugeot Citroën codification of 42 Grenelle 2 subjects	2014 CSR Report (sections concerned)	2014 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				
Policies put into practice with regard to training	G.11a	3.3.1	2.4.3.2/2.4.3.3	
Means put into practice with regard to training	G.11b	3.3.2	2.4.3.2/2.4.3.4	
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 handicapped persons	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:				
Respecting freedom of association and the 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 so as to take environmental matters into consideration	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	

Expected by the decree	PSA Peugeot Citroën codification of 42 Grenelle 2 subjects	2014 CSR Report (sections concerned)	2014 Registration Document (relevant sections)	Degree of response*
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 protection of the environment	G.21	5.1.2.4.	2.2.2	
Resources committed to prevent environmental risks and pollution	G.22	2.0.2.1/ 2.1 / 2.1.3. / 2.1.4. / 2.1.5. /2.1.6. / 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. / 2.5. / 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. / 3.2	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	1.4.	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 purchasing 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-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. Anti-corruption	10. Businesses are asked to act against all forms of corruption, including extortion and kickbacks.	G4-56, G4-57, G4-58, G4-SO2, G4-SO4, G4-SO5, G4-SO6

8.3.4. ISO 26000 CROSS-REFERENCE TABLE

Key central questions and areas of action		2014 CSR Report (sections concerned)
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 changes	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 has decided to seek an independent expert's opinion on the fair presentation of consolidated social, environmental and societal indicators included in the management report, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code. On 12 December 2014, Carlos Tavares, Executive Vice-President, Corporate Communications Director of the PSA Peugeot Citroën Group appointed Grant Thornton as independent third-party expert. Grant Thornton submitted its expert report to the Company's Managing Board on 2 March 2015. The conclusions of this report are presented below.

INDEPENDENT VERIFIER'S REPORT ON THE REVIEW OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE CSR REPORT G4-33

This is a free translation into English of the verifier's review report issued in the French language and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and standards applicable in France.

Peugeot S.A.

Financial year ending 31 December 2014

To the Shareholders,

In our capacity as professional accountants identified as independent verifier, authorised by the COFRAC under reference n° 3-1080 , we hereby report to you on the consolidated social, environmental and societal information published in the management report prepared for the year ended 31 December 2014 (hereinafter the "CSR information").

Management's responsibility

The CSR report, established under the responsibility of the executive board, includes the CSR information presented as required by the company's internal reporting standards (the "reporting standards") and available on request at the company's headquarters.

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. Furthermore, we have implemented a quality control system to ensure compliance with the code of ethics, professional standards and applicable laws and regulations.

Independent verifier's responsibility

It is our role, on the basis of our work, to express limited assurance on the fact that the CSR information selected by Peugeot S.A is presented fairly in all material aspects and listed in appendix, in accordance with the reporting standards (Assurance report).

LIMITED ASSURANCE REPORT ON SELECTED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION, WHICH IS LISTED AS AN APPENDIX TO THIS REPORT

Nature and scope of our work

We conducted our work in accordance with the International Standard on Assurance Engagement ISAE 3000 and with the professional guidelines applicable to specific declarations.

We have applied the following diligences leading to get a limited assurance on the fact that information selected by Peugeot S.A. and listed as an appendix to this report does not contain any significant misstatement likely to call into question the fact that it has been established, in all material aspects, in accordance with the reporting standards. A higher level of assurance would have required a more extensive review.

We have conducted the following work:

- we have assessed the appropriateness of the reporting standards with respect to its relevance, completeness, neutrality, clarity and reliability by taking into consideration, where applicable, the industry's best practices;
- we have verified that Peugeot S.A. and its subsidiaries has set up a collection, compilation, processing and control process to ensure the completeness and consistency of the CSR information. We also familiarised ourselves with the internal control and risk management procedures relating to the compilation of the CSR information. We conducted interviews with the persons responsible for CSR reporting.

Regarding the quantitative information that we have considered the most significant:

- for the consolidating entity and the controlled entities, we set up analytical procedures and verified, using sampling techniques, the consistency of the calculations and the consolidated information,
- for the sites and subsidiairies that we have selected(1), based on their activity, their contribution to consolidated indicators, their location and risk analysis, we have:
  - conducted interviews in order to verify the proper application of procedures
  - set up tests using sampling techniques to verify the calculations performed and reconcile data with supporting evidence.

  The selected sample represents on average at least 20% of the quantitative information tested.

Conclusion

Based on our work, we did not identify any significant misstatement likely to call into question the fact that the social, environmental and societal information selected and listed in appendix, has been established, in all its significant aspects, in accordance with the reporting standards.

Paris, 13 April 2015

The independent verifier

Grant Thornton

French member firm of Grant Thornton International

Alban Audrain
Partner

Gilles Hengoat
Partner

(1) For social and environment information: sites in Metz, Rennes, Sept-Fons, Sochaux, Trnava
For environment information only: in France: branch Citroën Neuilly and Peugeot Bobigny; in Austria: Citroën Vienne Sud and Peugeot Wagramerstrasse.

APPENDIX

LIST OF THE SELECTED INFORMATION

Quantitative social information:

- Headcount by type of contract and split by gender, age and area
- Hiring and leaves for open-end contracts
- Dismissals
- Frequency (TF1) and severity rate of accidents
- Number of training hours

Quantitative environment information:

- Water use
- Energy consumption
- Direct and indirect greenhouse gases emissions
- Emissions of organic compounds (VOCs)
- Raw discharges in water of COD, TSS and BOD5
- Quantity of waste and DIND and DID excluding metal waste

Qualitative information related to chapters:

- 2.1. Vehicle CO_2 emission and fuel consumption
- 2.2.1. Reduction of vehicle atmospheric pollutants
- 2.3.3. Vehicle safety
- 2.4. Environmental impact of materials and end of life
- 2.5. Provision of mobility services
- 4.1. Responsible 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. Ethics in business relationships
- 7. The group's commitment to society (excluding 7.5)

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APPENDICES

This document was printed in France by the PSA Peugeot Citroën printing centre, which has implemented the proper handling and disposal of hazardous waste through approved entities and the use of paper that is certified 100% recycled. Please recycle this publication in the appropriate container.

Cover: top: Berlingo éléctrique, middle: Peugeot Boxer Croix-Rouge française, down: Peugeot 508 - site de Rennes.
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Edited by the Sustainable Development Delegation of PSA Peugeot Citroën and its network of contributors and CSR correspondants.

Designed & published by LABRADOR +33 (0)1 53 06 30 80

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