PSA PEUGEOT CITROËN

2012 REGISTRATION DOCUMENT

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REGISTRATION DOCUMENT 2012

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The original French version of this Registration Document was filed with the *Autorité des marchés financiers* (AMF) and registered under No. D.13-0239 on 28 March 2013 in accordance with the provisions of Article 212-13 of the General Regulation of the AMF.

It may be used in connection with a financial transaction in conjunction with an Information Memorandum approved by the AMF. It was prepared by the issuer and is the responsibility of the person whose Signature appears therein.

It contains all of the information concerning the Annual Financial Report.

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PERSONS RESPONSIBLE

PERSON RESPONSIBLE FOR THE 2012 REGISTRATION DOCUMENT

Philippe Varin

Chairman of the Peugeot S.A. Managing Board

STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2012 REGISTRATION DOCUMENT

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, i) the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Peugeot S.A. and of the companies in the consolidated group, and ii) the Report of the Managing Board, whose contents are described on page 480, presents a true and fair view of the business development, results and financial position of Peugeot S.A. and the companies in the consolidated group, together with a description of the main risks and uncertainties they face.

I have obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the whole of the Registration Document and examined the information about the financial position and the historical accounts contained therein.

The Statutory Auditors' Reports on the consolidated financial statements and the separate financial statements of Peugeot S.A. for the year ended 31 December 2012 May be found in sections 20.3.1 and 20.4.1. include an emphasis of matter. In the Report on the consolidated financial statements, the emphasis of matter is the following:

Without prejudice, however, to the foregoing opinion, we would draw your attention, given the Group's economic and financial environment as presented in the management report, to the following notes to the financial statements:

- *Note 1.4 on significant estimates and assumptions which specifies the accounts for which estimates and assumptions used are particularly sensitive;*
- *Note 8.1 on valuation tests of Automotive Division assets that led to a €3,009 million impairment;*
- *Note 12.1.C on valuation tests of deferred taxes that led to a €879 million net impairment;*
- *and Note 37 which set out the Group's and Banque PSA Finance's liquidity position.*

The Statutory Auditors' Report on the consolidated financial statements for the year ended 31 December 2010 includes an emphasis of matter. The report may be found on pages 202 and 203 of the Registration Document filed with the French securities regulator (*Autorité des marchés financiers*) on 22 April 2011 under no. D.11-0353.

Philippe Varin
Chairman of the Peugeot S.A. Managing Board

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Carole Dupont-Pietri
Head of Financial Communication and Investor Relations
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STATUTORY AUDITORS

PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

STATUTORY AUDITORS

ERNST & YOUNG ET AUTRES

(Member of the Compagnie régionale des Commissaires aux Comptes de Versailles)

Christian Mouillon & Marc Stoessel
1/2 place des Saisons
92400 Courbevoie – Paris-la Défense 1

Date of first appointment: Annual Shareholders' Meeting of 31 May 2011.

End date of current appointment: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

MAZARS

(Member of the Compagnie régionale des Commissaires aux Comptes de Versailles)

Loïc Wallaert & Jean Louis Simon
61, rue Henri Regnault
92400 Courbevoie

Date of first appointment: Annual Shareholders' Meeting of 25 May 2005.

End date of current appointment: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

ALTERNATE STATUTORY AUDITORS

SOCIÉTÉ AUDITEX

1/2 place des Saisons
92400 Courbevoie – Paris-la Défense 1

Date of first appointment: Annual Shareholders' Meeting of 31 May 2011.

End date of current appointment: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

PATRICK DE CAMBOURG

61, rue Henri Regnault
92400 Courbevoie

Date of first appointment: Annual Shareholders' Meeting of 25 May 2005.

End date of current appointment: at Annual Shareholders' Meeting called to approve the 2016 financial statements.

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SELECTED FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	2012 Manufacturing and sales companies	2012 Finance companies	2012 Eliminations	2012 Total	2011 Manufacturing and sales companies	2011 Finance companies	2011 Eliminations	2011 Total
Revenue	53,860	1,910	(324)	55, 446	56,926	1,902	(319)	58, 509
Recurring operating income (loss)	(967)	391	-	(576)	561	532	-	1,093
Non-recurring operating income (expense)	(4,121)	(1)	-	(4, 122)	(417)	-	-	(417)
Operating income (loss)	(5,088)	390	-	(4, 698)	144	532	-	676
Consolidated profit (loss) for the period	(5,218)	293	-	(4, 925)	430	354	-	784
Attributable to equity holders of the parent	*(5,296)*	*281*	*5*	*(5, 010)*	*238*	*345*	*5*	*588*
Attributable to minority interests	*78*	*12*	*(5)*	*85*	*192*	*9*	*(5)*	*196*
Basic earnings (loss) per €1 par value share *(in euros)*				(15.60)				2.64

CONSOLIDATED BALANCE SHEETS

ASSETS *(in million euros)*	31 December 2012 Manufacturing and sales companies	31 December 2012 Finance companies	31 December 2012 Eliminations	31 December 2012 Total	31 December 2011 Manufacturing and sales companies	31 December 2011 Finance companies	31 December 2011 Eliminations	31 December 2011 Total
Total non-current assets	21,172	425	-	21,597	25,286	367	(25)	25,628
Total current assets	17,200	26,699	(656)	43,243	16,550	27,431	(618)	43,363
Total assets held for sale	9	0	0	9	0	0	0	0
TOTAL ASSETS	**38,381**	**27,124**	**(656)**	**64,849**	**41,836**	**27,798**	**(643)**	**68,991**

LIABILITIES AND SHAREHOLDERS' EQUITY *(in million euros)*	31 December 2012 Manufacturing and sales companies	31 December 2012 Finance companies	31 December 2012 Eliminations	31 December 2012 Total	31 December 2011 Manufacturing and sales companies	31 December 2011 Finance companies	31 December 2011 Eliminations	31 December 2011 Total
Total equity				10,557				14,494
Total non-current liabilities	12,228	342	-	12,570	12,184	369	-	12,553
Total current liabilities	18,971	23,361	(656)	41,676	18,849	23,738	(643)	41,944
Total liabilities held for sale	46	0	0	46	**0**	**0**	**0**	**0**
TOTAL EQUITY AND LIABILITIES				**64,849**				**68,991**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2012				2011			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations	**(6,021)**	**293**	**-**	**(5,728)**	**280**	**354**	**-**	**634**
Working capital provided by operations	**1,033**	**290**	**-**	**1,323**	**2,395**	**339**	**-**	**2,734**
Net cash from (used in) operating activities	431	1,050	(64)	1,417	1,717	17	(179)	1,555
Net cash used in investing activities	(2,450)	(1)	3	(2,448)	(3,635)	(19)	-	(3,654)
Net cash from/(used in) financing activities	2,387	(532)	4	1,859	(2,663)	(158)	78	(2,743)
Effect of changes in exchange rates	(6)	(2)	2	(6)	5	(2)	2	5
Net increase (decrease) in cash and cash equivalents	**362**	**515**	**(55)**	**822**	**(4,576)**	**(162)**	**(99)**	**(4,837)**
Net cash and cash equivalents at beginning of year	**4,692**	**1,154**	**(223)**	**5,623**	**9,253**	**1,316**	**(127)**	**10,442**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5,399**	**1,669**	**(279)**	**6,789**	**4,692**	**1,154**	**(223)**	**5,623**

This document gives the PSA Peugeot Citroën Group's consolidated accounts for the years 2012 and 2011. For the 2010 figures, please refer to the Registration Document filed with the *Autorité des marchés financiers* on 22 April 2011 under number numéro D.11-0353. Please also see paragraph 20.1 below.

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RISK FACTORS

The PSA Peugeot Citroën Group (hereafter referred to as the "Group" or "PSA Peugeot Citroën") pays close attention to ensuring that effective control is maintained over the risks associated with its various businesses. This Chapter describes the main identified risks and the procedures for limiting both their occurrence and their impact. It also presents the Group's insurance programmes.

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The various operating units identify and assess risks and evaluate the related internal controls on an on-going basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia which has its own system). The principal risk factors specific to the Group are described in detail in the 2012 Registration Document, which will be published in March 2013 and include the following:

As part of the approach, risk maps are drawn up by each operating unit and at Group level, in order to assess how well the major risks ("Top Risks") are managed and draw up Action Plans to address any weaknesses.

A half-yearly reporting system has been set up to keep the Executive Committee informed about the Top Risks and associated Action Plans. For more detailed information on risk management, please refer to section 16.5.1. (paragraph 2.4.1.).

4.1. OPERATIONAL RISKS

4.1.1. RISKS RELATED TO THE GROUP'S ECONOMIC AND GEOPOLITICAL ENVIRONMENT

RISK FACTORS

The Group's operations and earnings can be adversely affected by difficult economic conditions as demand in one or more geographic markets can decline sharply if the economic context turns morose, and particularly in the event of a recession. The impact for the Group can be even greater if the falloff in demand hits the regions where PSA Peugeot Citroën has a strong sales presence.

In areas outside Europe, the Group is, de facto, exposed to various risks, including:

- exchange rate risk, as sharp falls in local currencies against the euro or currency overvaluation may affect the Group's ability to sell its products in certain markets;
- unfavourable changes in tax and/or customs regulations in the countries with which the Group trades;
- geopolitical events: the Group may be exposed to risks such as popular uprisings, diplomatic crises, the overthrow of a regime, arbitrary or discriminatory behaviour, or a war in a foreign country. For instance, the Group decided to suspend its shipments to Iran because of difficulties finding secure sources of funding.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group has tightened up its management structure so that it can react swiftly to various high-risk situations. As part of this move, against a backdrop of fierce sales competition and a European market that is expected to remain depressed for the foreseeable future, the Group has implemented new cost-cutting measures with a view to further strengthening its Performance Plan. The Group's globalisation strategy – which primarily involves internationalising its business activities – is part of its strategy to deal with any negative consequences that could arise in a particular geographic area as a result of a recession or serious geopolitical events.

The Group's exposure to exchange rate risks is managed mostly on a centralised basis by PSA International (PSAI) which sets up the appropriate currency hedges where required. In addition, the impact of negative currency effects is passed on in selling prices wherever possible.

For more details, please refer to Note 37.1 D to the consolidated financial statements at 31 December 2012, see Chapter 20.3.7 after.

4.1.2. NEW VEHICLE DEVELOPMENT, LAUNCH AND MARKETING RISKS

RISK FACTORS

The decision to develop new vehicle models or subassemblies and to introduce them in the market is backed by marketing and profitability studies. Profitability calculations are based primarily on unit sales forecasts. Any downward adjustment in a unit sales forecast may lead to the recognition of i) an impairment loss on moulds and tooling or capitalised development costs depreciated/amortised over the commercial life of the vehicle models concerned or ii) a provision to cover any contractual penalties that may be imposed in the event of a breach of take-or-pay clauses included in the Group's cooperation agreements with other carmakers.

The development of new vehicles and subassemblies also exposes the Group to risks arising from constant changes in European and global regulations, particularly in the areas of safety and the environment. The overall trend is towards increasingly strict regulations. New regulations on the CO_2 emissions of light commercial vehicles are expected. China and Brazil are also reinforcing their regulations on new technologies and CO_2 emissions.

Technical risks related to product quality and safety can lead carmakers to recall vehicles in order to correct the identified defects.

RISK MANAGEMENT AND CONTROL PROCESSES

The Automotive Programmes Department is tasked with deploying the Group's strategic vision and enhancing value creation by ensuring the alignment of all of the contributing processes and by leading the implementation of Group programmes. This mission is global in scope. The department is responsible for ensuring that project start-ups, either by the Programme processes (Vehicles, Modules, Services) or by the participating departments (Industrial Operations, HR, etc.), are aligned with the Worldwide Master Plan and that the programmes' financial metrics are consistent with the targets set during the strategic planning process.

To cover the project management risks related to new vehicle development and process engineering, the Group leverages a comprehensive design and development process, known as the operational development plan, which is regularly updated. For each vehicle project, a set of product services, profitability, quality, time-to-market and CO_2 reduction objectives are set. Progress in meeting these objectives is tracked by a system of project milestones, corresponding to the various stages at which senior management reviews all the financial and technical indicators. In addition, the Quality Department authorises the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers. It also ensures that vehicles in the marketing or design stage comply with the applicable regulations, particularly those relating to safety and the environment. Responding more effectively to customers' after-sales service requirements during the vehicle design phase (repairability, ease of fault detection, etc.) has also contributed to the steady improvement in the quality of the Group's new models.

The Group considers it of great importance that effective time-frames for new regulations are determined based on the results of objective impact studies and that they are realistic, taking into account the time that carmakers will reasonably need to adapt. The Group's exchanges with the regulatory authorities take place to ensure this is the case.

Regulatory watch systems and appropriate Action Plans have been set up in Europe and in the Group's main host countries outside Europe.

4.1.3. CUSTOMER AND DEALER RISK

RISK FACTORS

The Group is exposed to the risk of customer default in the normal course of its distribution and lending activities.

For sales with a buyback commitment, the risk concerns the difference between the vehicle's estimated resale price, as determined at the contract's inception, and the actual resale price.

For used vehicles, the risk concerns the valuation of vehicles in inventory.

RISK MANAGEMENT AND CONTROL PROCESSES

Faced with the risk of customer default, the Group has placed particular importance on the security of the payments it receives for goods and services delivered to its customers.
The Group has developed a secure payment policy to avoid credit risks.

Banque PSA Finance has set up its own system for managing the credit risk associated with financing activities (see section 4.3 below).

For Automotive Division sales not financed by Banque PSA Finance (i.e. direct sales by the carmaker to the customer, dealer or importer), a standard has been issued that specifies (i) the payment and credit terms to be applied to customers according to the type of product (new vehicle, used vehicle, replacement parts, spare parts or subassemblies), and (ii) the level of approval required for granting special dispensation from the rules set out in the standard. Protection mechanisms, such as insurance coverage taken out with Coface, have been set up to fully guarantee the payment of amounts owed by foreign importers.

The Group has put in place a monthly reporting system to ensure that all of these risk management and control processes are properly applied and Management analyses the key indicators used for the reporting system during its regular business reviews.

A system has also been set up for measuring the residual value of vehicles sold with a buyback commitment. An initial valuation is carried out in the contract negotiation phase and subsequent valuations are regularly performed throughout the term of the contract which enables the values to be adjusted for new contracts where required.

4.1.4. RAW MATERIALS RISK

RISK FACTORS

The Group's Automotive Division and Automotive Equipment Division (Faurecia) are exposed to raw materials risk either as a result of their direct purchases of raw materials or indirectly when purchasing components from suppliers. Raw materials purchases represented 24% of total purchases by the Group in 2012. They are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between purchasing officers and vendors, or commodities traded on organised markets, such as aluminum, copper, lead or precious metals, in which case the purchase prices of the raw materials or components concerned are based directly on quoted market prices. Raw materials with the greatest impact on production costs are as follows, in declining order:

- Industrial products: steel (42% of total raw material purchasing costs), thermoplastics (13%) and elastomers (11%);
- Commodities (for which the price risk is hedged): aluminum (8% of total raw material purchasing costs), precious metals (5%) and copper (3%).

The Group has identified two different types of raw materials risk:

1. supply risk related to the availability of raw materials;
2. financial risk related to fluctuations in raw materials prices.

RISK MANAGEMENT AND CONTROL PROCESSES

The Group's Purchasing strategy implemented by the Purchasing Department is aimed at fully leveraging a number of action points, such as optimising global sourcing, using bulk purchases for raw materials (for both direct and indirect transactions), increasing flexibility in terms of substitute materials, using recycled and green materials, recovering and reusing by-products and putting in place financial hedging mechanisms.

The Group's exposure to risks related to commodities traded on organised markets (aluminium, copper, lead, and precious metals such as platinum, palladium and rhodium) is tracked jointly by the Purchasing Department and Corporate Finance through PSA International (PSAI). In line with the Group's hedging policy for commodity risks (and currency risks), PSAI sets up the necessary hedges based on consumption forecasts for the raw materials concerned. These forecasts are prepared by the Purchasing Department or result from the three-year business plan. No speculative positions are taken. The hedging policy in periods of rising prices aims to fix the price of at least 50% of forecast purchases for the coming year and 20% of purchases for the coming two years.

Steel and plastics purchases are made under contracts for relatively short-periods (six months for steel). The Group negotiates with suppliers the impact of price rises and falls to be reflected in component prices. Only part of the increase can be passed on in selling prices.

Raw materials risk is also reviewed on a quarterly basis by a Metals Committee chaired by the Chief Financial Officer. Raw materials risk is reviewed on a day-to-day basis and also at quarterly meetings of a Metals Committee chaired by the Chief Financial Officer. During these meetings, the Purchasing Department presents its updated raw materials consumption forecasts, which are used by PSAI to adjust its commodity hedging positions.

For more details, please refer to Note 37.1 E to the consolidated financial statements at 31 December 2012, see Chapter 20.3.7 after.

4.1.5. SUPPLIER RISK

RISK FACTORS

Given that the parts and components purchased from suppliers represent some 80% of the vehicle's production cost, these companies' technical and logistical performance and financial strength are critical to the Group's efficient operation and future growth. Temporary or permanent failure by suppliers to fulfil their commitments may have an impact on the Group, the most serious risk being an interruption of parts deliveries leading to production stoppages at the plants and delays in the execution of vehicle, mechanical engineering or industrial projects.

RISK MANAGEMENT AND CONTROL PROCESSES

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

To strengthen processes designed to prevent the occurrence of supplier risks, purchasing strategies by product family and supplier choices are submitted to the Purchasing Executive Committee for approval. The Committee's decision is based on a sustainability review which takes into account the supplier's financial position, strategy, growth outlook and an assessment of the extent to which the Group is dependent on the supplier.

Suppliers identified as representing a higher than normal risk are closely monitored by the Purchasing Department's "Industrial Strategy and Supplier Risks" unit. This unit's responsibilities include analysing the financial results of the Group's main suppliers and compiling information about their industrial strategies, assessing the impact on the supplier base of PSA Peugeot Citroën's "make-or-buy policy", analysing the socio-economic impacts of the Group's industrial choices and monitoring that suppliers comply with the Group's social and environmental specifications.

Managing supplier risk has been identified as a key factor for creating value, in particular by avoiding unnecessary expenditure. A multidisciplinary team was originally set up in 2008 to help suppliers withstand the effects of the economic and financial crisis and has remained in place to keep a very close eye on the worsening economic situation (dramatic fall in volumes in Eastern Europe, downgrading of supplier credit ratings, etc.). There are around 40 team members including analysts and finance, supply chain, legal and industrial relations experts.

The unit also continues to monitor the commitments made by the Group at the peak of the 2008 crisis (faster payments to suppliers and compliance with the High Performance and Best Practices Code) and 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 FMEA fund established to support automotive equipment suppliers.

In 2012, 79 suppliers were the subject of preventive and remedial Action Plans, representing approximately 6.67% of the Group's total purchases. This compares with 68 suppliers representing 3.1% of total purchases in 2011 and the 2009 peak of 100 such suppliers, representing 15% of total purchases.

At the same time, the Group decided to restructure its supplier base around strategic (global) and major (regional) suppliers in Europe, Latin America and Asia. With this move the Group intends to create shared value, notably through innovation, and to enhance operational excellence in terms of quality, supply chain and manufacturing efficiency.

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

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

In 2012, the geopolitical uprisings in a number of North African and Middle Eastern countries led the Group to pursue its 2011 strategy to secure a portion of its supplies. Following an analysis of these crises, the Group further developed its supplier selection processes to reinforce its risk prevention strategy.

Lastly, as part of the drive to improve supplier and logistics risk management processes, PSA Peugeot Citroën put in place a "Supplier Development" structure in order to guarantee the quality and logistics aspects of its supplies, during both project and production phases, by enhancing the allocation of resources. This new structure is also intended to help suppliers boost their operational effectiveness.

4.1.6. INDUSTRIAL RISKS

RISK FACTORS

A major incident at one of Group's manufacturing facilities, such as a fire, a natural disaster, damage to strategic equipment or an obstruction to production at the plants that leads to a disruption of business risk could compromise the production and sale of several hundred thousand vehicles, leading to several hundred million euros of losses.

RISK MANAGEMENT AND CONTROL PROCESSES

For several years, the Group has implemented assertive industrial and natural risk prevention strategies designed to:

- prevent the occurrence of major incidents;
- limit high-risk situations to the extent possible and attenuate their effects;
- ensure that the various Group structures are capable of dealing with emergency and crisis situations;
- promote a risk prevention culture and a resilient response to accidents at all levels in the organisation;
- optimise the transfer to the insurance market of high frequency risks.

The Group's network of local risk managers is responsible for managing risks that could affect the Group's property, plant and equipment and, consequently, its ability to continue operating. They are supported in this task by specialists in areas such as fire and natural disaster risks.

This overall policy has considerably reduced the risk factors involved and the number of incidents. Its effectiveness has also been recognised by the Group's insurance companies which have given the majority of the Group's highest risk operations the internationally-recognised "Highly Protected Risk" classification.

Industrial risks arising from the Group's international development strategy, particularly the construction or acquisition of production facilities outside Europe, are limited by performing prior studies that take into account the projected needs of the Business Unit concerned, the availability of shared platforms, mechanical assemblies and subassemblies at Group level (encompassing both design and manufacturing capabilities), any partnerships and the local environment.

In the specific area of manufacturing processes, the risk management system is built on three pillars: the PSA Excellence System, the Global Risk Management System and the Manufacturing Management Control System. These three systems cover all major risks identified within the Industrial Operations Department. Risk management processes are integrated into the Manufacturing and Components' operational management process and tracked throughout the year. Audits are regularly performed to verify that the applicable standards are effective and respected, and post-audit recommendations are issued where required.

Lastly, concerning the quality of manufacturing processes, the assembly plants have been ISO 9001 certified by UTAC (except for section 7.3 "Design and Development"), to comply with the requirements of European Directive 2007/46/EC, Appendix X.

4.1.7. ENVIRONMENTAL RISKS

RISK FACTORS

The Group may be exposed to environmental risks arising from its manufacturing, sales and logistics activities. Although the risks are not major, they must nonetheless be managed given the size of the Group's production facilities and the fact that foundries, mechanical component plants, paint shops and/or final assembly plants may exist side by side on the same site.

DESCRIPTION OF THE RISK MANAGEMENT AND CONTROL PROCESSES

The Group is focussed on managing the environmental impact of all its sites. Measures to control pollution and environmental risks have been integrated not only into everyday operations but also into project specifications.

A specific environment unit reporting to the Industrial Operations Department coordinates the management of the human and financial resources dedicated to managing environmental risks. This unit is responsible for rolling out the environmental procedures for the whole Group, tracking changes in environmental regulations and managing a reporting system for Group management that monitors each facility's environmental performance and helps sustain the process of continuous improvement.

- Human resources.

At each main facility, a dedicated "environmental" protection team is responsible for applying the Group's environmental strategy designed to guarantee full operational control over these risks. The site can also rely on technical support from environmental experts in the Industrial Operations Department and the Research and Development Department.

- Financial Resources.

The ISO certification programme is supported by annual capital expenditure budgets for projects to reduce disamenities and environmental risks and to maintain compliance with the applicable standards.

- Processes.

Environmental risks have been analysed in accordance with ISO 14001, leading to the identification at each facility of Significant Environmental Aspects (SEAs) of the facility's operations and its integration in the host community.

The analysis, which is regularly updated, serves to identify the major environmental challenges at each plant and to prepare Action Plans to address these challenges, which are approved and monitored by management.

In addition, analyses of past events and regular emergency drills help to optimise the facilities' response capabilities and keep to a minimum the environmental impact of any accident or other incident.

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.

Application of the environmental strategies at the automobile production plants is based on ISO 14001 requirements. Worldwide, all of the Automotive Division production plants are ISO 14001-certified, except for the Kaluga plant in Russia which began operations in 2012 and is expected to be certified in the near future. All industrial projects are reviewed by the Design Department, the plant concerned, technical department experts and Group environmental specialists in order to identify the potential risks and devise appropriate responses to keep their environmental impact to a minimum.

Hazardous products used at the Group's facilities are managed in accordance with regulatory requirements. These requirements cover, in particular, the handling, storage, use and elimination of the products.

Procedures have been set up to identify all chemicals brought on site and to approve their use by workstation operators, after due consideration of the health, safety and environmental risks.

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

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

- a "producer of articles", and as such has taken the necessary steps to respond to customer queries concerning the possible presence of "substances of major concern" in its products;

- a "downstream producer", and as such is working with other European carmakers (within ACEA, the European Automobile Manufacturers' Association), in a joint initiative with suppliers to ensure that they have taken on Board the new regulations and will be able to (i) ensure the uninterrupted supply of substances and compounds required in automobile manufacturing and (ii) provide the necessary information to use these substances and compounds in compliance with REACH legislation.

With the same objective of limiting risks to people and the environment, the Group has embarked on a major information and training programme for the progressive roll-out of the European CLP (Classification, Labelling and Packaging) Regulation and the new danger definitions and markers it introduces.

As part of its commitment to sustainable and responsible development, the Group cooperates with the public authorities in three separate areas:

- Environmental regulations impose regular reporting of information to stakeholders in a specified format. The government agency responsible for the environment performs periodic audits of the Group's facilities to check compliance with environmental standards and regulations. The Group's regular contacts with the agency, both during these audits and on other occasions, provide opportunities for constructive discussions about changes in the facilities' activities and the presentation of best environmental practices.
- The Group's Annual Report and Sustainable Development Performance Indicators, which can be downloaded from the PSA Peugeot Citroën website, inform stakeholders and the public about the Group's projects concerning the industrial environment, the results obtained and the progress made in improving environmental performance.

In compliance with ISO 14001, each facility has developed systems to ensure that all stakeholder requests are duly considered and responded to as effectively as possible.

Lastly, analyses of past events and regular emergency drills help to optimise the facilities' response capabilities and keep to a minimum the environmental impact of any accident or other incident.

4.1.8. WORKPLACE HEALTH AND SAFETY RISKS

RISK FACTORS

As an employer, the Group is faced with a wide range of situations that could affect employee health, safety and wellbeing.

Shiftwork, involving repetitive tasks and physical demands, is the main cause of occupational illnesses. In the same way, the use or presence of certain chemicals in production processes or the components of manufactured products may adversely affect air quality, generate pollution or create a risk of explosion. Work schedules and working conditions may be a source of stress or anxiety which, as well as having health implications, directly affects an employee's commitment to his or her job. Lastly, the Group is exposed to the risk of workplace accidents, due to risky situations or behaviours within or outside the Group's facilities, with the leading cause of employee fatalities being accidents during the daily commute.

RISK MANAGEMENT AND CONTROL PROCESSES

To address these risks, a new Workplace Health and Safety Policy Statement has been established, in line with the Group's ambition to promote Responsible Development. The aim is to eradicate workplace accidents and occupational illnesses through a broad-based approach to assessing and managing risks.

The new policy is supported by the Workplace Health and Safety Management System. Comprising 22 requirements that define areas requiring special attention and management, the health and safety standards are applicable to all Group units and subsidiaries. The new management approach is based on six fundamental principles:

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

The Group's five priority commitments under the policy are to prevent:

- musculoskeletal disorders by systematically assessing the physical, cognitive and environmental demands of repetitive tasks, in order to take the necessary action;
- chemical risks by appointing networks of experts to assess all products and substances and recommend risk management measures, and by implementing air quality monitoring plans in all production shops;
- psychosocial risks by continuously monitoring stress levels and their professional causes based on 29 factors, in order to implement appropriate Action Plans at all levels of the organisation;
- road accident risks, based on a road risk prevention manual that provides employees with guidelines on how to use their cars when on business trips or commuting;
- risky behaviour by deploying STOP risk observation procedures that help managers to develop their ability to detect risky situations or behaviours and take the necessary actions.

An assessment covering 18 risk categories is performed for each work unit. This assessment is conducted jointly by managers and the entities' risk prevention professionals. The results are used to develop risk management Action Plans which are prioritised by level of importance.

All Group facilities throughout the world are now participating in the Workplace Health and Safety Management System, using a "roadmap" to guide managers in the system's deployment. The "roadmap" comprises five increasingly challenging stages, guaranteeing that each entity makes continuous advances in safety.

A set of performance indicators has been developed to enable executive management and the management of each division to track performance.

As part of the Workplace Health and Safety Management System deployment plan, all employees including senior management are given training and encouragement in complying with the Group's safety rules.

Audits are performed to check that the system is properly deployed and functions effectively.

4.1.9. RISKS ASSOCIATED WITH THE COOPERATION AGREEMENTS

RISK FACTORS

To speed its development and bring down engineering and production costs, over the past few decades PSA Peugeot Citroën has implemented a policy of entering into cooperation agreements with other carmakers. This policy forms part of the Group's medium- and long-term Worldwide Master Plan and is underpinned by the dual principles of mutual trust and risk sharing. Examples include agreements signed with Fiat, Toyota, Mitsubishi and since 2012 with General Motors for shared vehicle platforms and with Renault, Ford, BMW and Mitsubishi for gearboxes, engines and electrical components. In addition, the Group regularly grants manufacturing licenses to industrial partners in countries where these types of agreements are required in order to break into the market.

In the pre-signature negotiation phase for cooperation agreements there is a risk that the partner concerned could use the information provided to it by PSA Peugeot Citroën.

Once a cooperation agreement has been signed, the risks faced by PSA Peugeot Citroën are mainly financial, i.e. (i) penalties may be imposed in the event of a breach of take-or-pay clauses under which the Group is committed to taking delivery of an agreed quantity of products manufactured by the cooperative venture, (ii) costs may be incurred to offset the negative impact on component purchase prices caused by reductions in volumes, or (iii) overruns may arise for R&D costs, capital expenditure or the costs for remedying faulty products, when the partner is acting as project manager.

In all circumstances, whenever a project's profitability is jeopardised, a provision for onerous contracts and/or an asset impairment loss is recorded in the consolidated financial statements to reflect the future costs that will be incurred.

Other risks to which the Group is exposed in relation to its cooperation agreements include the risk of a partner granting licenses to a third party without any entitlement for PSA Peugeot Citroën to receive the related royalties, or the risk of a partner manufacturing low-quality products which would require PSA Peugeot Citroën to undertake large-scale remedial action with its customers and would damage the Group's image.

The strategic alliance between the Company and General Motors announced on 29 February 2012 (the "Alliance") in accordance with the Master Agreement described in Chapter 22 of the Registration Document, led to the signing of the implementation contracts of the Alliance on 19 December 2012. These contracts contain a certain number of termination provisions, such as those relating to a change in control or a material adverse event..

In addition, the estimated amount and timing of the synergies announced by the Group in connection with the Alliance are based on a number of assumptions, including the successful implementation of the next steps of the Alliance, which may not be realised. As a result, the announced amount of synergies may not be achieved, or may be achieved only at a later time than currently expected, which could have a material adverse effect on the business, results, financial condition, prospects or reputation of the Group.

RISK MANAGEMENT AND CONTROL PROCESSES

In order to limit its risk exposure during the pre-signature negotiation phase for cooperation agreements, PSA Peugeot Citroën has put in place a procedure whereby no talks can commence with a potential partner until the parties have signed a non-disclosure agreement.

During the performance phase of a cooperation venture or a partnership, the various underlying contracts – such as the framework agreement, development agreement or supply agreement – are drawn up in as much detail as possible in order to avoid any legal risks.

At operational level, Corporate Finance and the Programmes Department have set up a process for verifying that the partners involved in cooperation ventures comply with their contractual commitments.

Part of this process entails setting up governance bodies for each venture, with a referral procedure for settling any disputes that may arise. The governance bodies regularly review a wide range of issues and take shared decisions, notably concerning Action Plans aimed at rectifying any potential situations of contractual non-compliance and therefore eliminating or mitigating the related risks.

For more details, please refer to Notes 8 and 38.2 to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.1.10. INFORMATION SYSTEM RISKS

RISK FACTORS

Risks related to information systems – which are vital to the Group's operations – can be categorised as follows, based on their consequences:

- system downtime, due to hardware or software failures, physical damage, hacking of targeted systems, computer viruses or unauthorised access;
- damage to data integrity, due to hardware or software failures or targeted malicious damage;
- breach of data confidentiality, due to lax data access controls (poorly managed clearances, no data encryption), or misuse of access rights (identity theft, unauthorised clearance upgrading, etc.).

RISK MANAGEMENT AND CONTROL PROCESSES

In order to manage these risks the Group implements a range of measures that concern both the design features of its information systems and their use and maintenance. These measures are focused on the following two areas:

- tightly controlling access to sensitive information – especially as the Group's systems are increasingly being opened up to external parties: segregating tasks, periodically reviewing clearances, and restricting the number of authorised users, ensuring traceability and encrypting information, etc.;
- guaranteeing that the Group would be able to continue its essential operations if a malfunction or major incident occurred at one of its IT centres, a Disaster Recovery Plan and a Business Continuity Plan (BCP).

The measures form part of the Group's Information Systems Security Policy which is overseen by the Group Security Department in conjunction with the Head of Information Systems Security within the Information Systems Department (which liaises with the relevant departments of the Group's operations divisions), as well as managers from the Data Control Department, who are responsible for relaying the applicable rules across the Group.

This policy, covering the automotive and finance company divisions, is regularly updated to factor in any technical or regulatory changes. Both internal and external audits are carried out on a regular basis within the Group to ensure that the Policy is properly applied.

4.2. FINANCIAL MARKET RISKS

The Group is exposed to liquidity risk, as well as interest rate risks, counterparty risks, exchange rate risk and other market risks related in particular to fluctuations in commodity prices and in equity markets. Note 37 to the consolidated financial statements provides information on risk management, which is primarily carried out by Corporate Finance, and identified risks and the Group policies designed to manage them.

4.2.1. EXPOSURE TO CHANGES IN EXCHANGE RATES

For more details, please refer to Note 8.1 and Note 37.1.D to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.2.2. EXPOSURE TO CHANGES IN INTEREST RATES

For more details, please refer to Note 37.1.B to the Consolidated Financial Statements at 31 December.2012 (see section 20.3.7 of this Registration Document).

4.2.3. EQUITY RISK

For more details, please refer to Note 37.1.F to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.2.4. COUNTERPARTY RISK

For more details, please refer to Note 37.1.C to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.2.5. LIQUIDITY RISK

For more details, please refer to Note 37.1.A to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.2.6. CREDIT RATING

Several key factors determine the Group's credit rating and/or may affect its ability to raise short and long-term financing. These factors include the Group's earnings volatility, market positions, geographic diversification and products, risk management strategies and financial ratios, particularly the net debt-to-equity and operating cash flow-to-net debt ratios. An unfavourable change in any of these factors or a combination of these factors could lead the rating agencies to downgrade the Group's credit rating, which in turn could drive up its financing costs and make access to the financial markets more difficult. Conversely, an improvement in any of these factors could lead to a rating upgrade.

With Europe's unfavourable automotive market environment in 2012, which contributed to the decline in the Automotive Division's profits and cash flow, the rating agencies downgraded their ratings for both Peugeot S.A. and Banque PSA Finance.

Following the 15 February 2012 publication of the Group's 2011 results on 16 February 2012, Standard & Poor's revised its outlook for Peugeot S.A. to negative from stable, but affirmed the Company's BB+ long-term rating and B short-term rating. On 17 February, Standard & Poor's revised Banque PSA Finance's outlook to negative from stable, while affirming the Bank's BBB long-term rating and A-2 short-term rating

On 1 March 2012, Moody's downgraded Peugeot S.A.'s long-term rating to Ba1 (negative outlook) and its short-term rating to not-prime. Moody's had been monitoring Banque PSA Finance since 16 February and on 25 May 2012 downgraded its long-term rating to Baa2 (negative outlook).

On 25 July 2012, following publication of the Group's half-year results, S&P downgraded Peugeot SA's long-term rating to BB (negative outlook) and lowered the long-term rating of Banque PSA Finance to BBB- (negative outlook) and its short-term rating to A-3. On 26 July 2012, Moody's lowered Peugeot SA's long-term rating to Ba2 (on review for a possible downgrade) and on 27 July 2012 gave Banque PSA Finance a Baa3 rating (still under review). Its short-term rating fell to P-3. On 10 October 2012, Moody's concluded its review of Peugeot SA, downgrading its long-term rating to Ba3 (negative outlook).

Following the French government's announcement of its intention to provide Banque PSA Finance with up to €7 billion in refinancing guarantees for new bond issues utilisable over the years 2013-2016, S&P, in its memo of 26 October 2012, considered the bank would continue to have access to market-based funding; and, on 14 November 2012, Moody's announced it would maintain its review of the bank until such time as the State support plan was finalised and the impact of any conditions or restrictions imposed on the bank by the European Commission had been assessed. On 11 February 2013, the European Commission granted permission to issue, over the next six months, a first tranche of €1.2 billion with the French government's guarantee, pending the European Commission's final opinion on the state support. On 18 January 2013, as part of its sector review of the captive finance companies of car manufacturers, Moody's held Banque PSA Finance's long-term rating at Baa3 with a negative outlook.

After PSA Peugeot Citroën had published its full-year results for 2012, Standard & Poor's was still anticipating significant levels of competition in Europe in 2013 and so on 14 February 2013 it downgraded the Group's long-term rating to BB-, and Banque PSA Finance's rating to BB+, maintaining a negative outlook for both companies. On 15 February 2013, Moody's placed

PSA Peugeot Citroën under review for a possible downgrade, extending the review to Banque PSA Finance on 19 February 2013.

Consequently, Peugeot S.A.'s long- and short-term ratings at 27 March 2013 were Ba3 (on review for possible downgrade)/Not-prime assigned by Moody's Investors Service and BB (negative outlook)/B assigned by Standard & Poor's. Moody's Investors Service's and Standard & Poor's long- and short-term ratings for Banque PSA Finance were Baa3 (on review for a possible downgrade)/P-3 and BB+ (negative outlook)/B respectively.

For the rating agencies, there are four factors that could trigger a review of Banque PSA Finance's long-term rating: A favourable change in the cost of risk; the downgrade of Peugeot S.A.'s rating; State aid in a form other than the plan currently submitted to the European Commission for approval or subject to conditions which could impact on Banque PSA Finance; changes that could suggest that Banque PSA Finance would be denied state support or aid if the need arose.

4.3. RISKS RELATING TO BANQUE PSA FINANCE'S BUSINESS

Banque PSA Finance provides retail financing for new Peugeots and Citroëns and all brands of used vehicles sold by the Peugeot and Citroën dealer networks as well as working capital financing and real estate financing for the two carmakers. The bank also provides wholesale financing for the dealer networks' vehicle and spare parts inventories. It offers individual and corporate customers a comprehensive range of financing solutions (instalment loans, leases with a purchase option and long-term leasing) and related services.

The Bank's loan approval process is totally independent from the dealer network, and from the Peugeot and Citroën brands.

Financing decisions and banking relationships are managed at corporate level based on a set of clearly defined rules governing commitment levels.

Dedicated divisions within the Risk Management Function identify, measure, manage and monitor the risks of the different Banque PSA Finance activities and the manager of each of these divisions, who reports to the Chief Executive Officer, reports back to the Bank's Audit Committee and, where necessary, its Executive Committee, on the work carried out.

The bank's governance procedures cover risk management, validation of the risk measurement methods and models, risk level setting but also, prior to this, the processes of identifying the risks and assessing their potential criticality in terms of the management policies adopted and the general economic climate. These different factors are presented to three committees for analysis and decision: the Risk Committee, the Refinancing Committee and the Audit Committee. Members of Executive Management or the Board either attend or receive a detailed report of the meeting.

For further information about the risk factors and how these are measured, controlled and monitored, please see the Banque PSA Finance 2012 annual report which can be downloaded from its website at www.banquepsafinance.com.

4.3.1. BUSINESS RISK

RISK FACTORS

Seven main risk factors influence Banque PSA Finance's activity levels:

- external factors which contribute to vehicle purchases;
- public authority policy incentives to purchase new vehicles;
- changes in regulations and taxation that might alter the business or its profitability;
- the sales volumes and marketing activities of the Peugeot and Citroën brands, which determine the number of joint campaigns they run with BPF;
- PSA Peugeot Citroën's rating and, as a knock-on effect, that of Banque PSA Finance, which could increase Banque PSA Finance's refinancing costs or, at the very least, the cost of its refinancing via the financial markets;
- the competitive position of Banque PSA Finance's offering and prices;
- country risk, with management seeking to secure financing locally insofar as is possible.

MEASURING, MANAGING AND MONITORING THE RISKS

These risk factors are measured at least once a year as part of the budget setting and medium-term plan drafting processes. Budget provisions are reviewed three times in a given year. Business risk is also covered by the stress testing process.

4.3.2. CREDIT RISK

RISK FACTORS

Credit risk is the risk of loss arising from the failure of a customer to meet the payment or other terms of a contract with Banque PSA Finance. While it generally has the ability to recover and resell the financed vehicle following a customer default, the resale value of a recovered vehicle may not be adequate to cover the default loss. Moreover, contractually Banque PSA Finance is not exposed to residual value risk.

Apart from its conservative risk selection policy, credit risk levels are influenced by the economic climate in the countries in which BPF operates, both at the level of defaults and at the level of the market value of the recovered vehicles.

MEASURING, MANAGING AND MONITORING RISK

Risks are assessed on approval of the loan and monthly for all loans in the portfolio.

On approval of the loan, internal or, in a very limited number of cases, external rating models are used to evaluate risk. The internal models are developed and backtested by experts at the bank's headquarters. Loan selection processes are based on grading models (Corporate) or credit scoring systems (Retail), both of which are centrally managed and controlled (with the exception of partner subsidiaries which are monitored closely). To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The effectiveness of the tools used is monitored frequently at headquarters and by the operating teams in France and abroad.

In the retail sector, loan approvals are either granted automatically or require further analysis by the analyst or the risk analysis systems. The models are enhances with data from external bases, both positive and negative, or with internal information such as the customer's payment history (if he or she is seeking a renewal to purchase a new vehicle).

Decisions are based on strict lending limits. Indeed, Corporate loans require a decision from the local or central Credit Committees.

Subsidiaries and dealerships have access to internal risk measurement models which have been developed and backtested by the teams at the bank's headquarters. Checks are run by local and central risk analysts to ensure the risk measurement tools have taken proper account of any new customer segments.

The statistical provisioning method applicable to the Banque PSA Finance retail portfolio (individuals and small businesses) was reviewed to take account in particular of the deteriorating markets in which PSA Peugeot Citroën operates, especially in Southern Europe. The net provision expense for Banque PSA Finance retail operations amounted to €260 million in 2012. It includes an additional €136 million impairment attributed to the fourth quarter 2012 and based on the review of the statistical provisioning method applied to the retail portfolio. Net provision expense in 2012 also included a €25 million impact from higher impairment rates due to period-on-period measurements of the loss rates used in calculating the expected loss estimator, with particular impact on the countries of southern Europe.

For the retail portfolio, Basel (IRBA) credit risk models are used for countries for which the ACP has approved this method (eight at the end of 2012). These models, also developed and backtested centrally, provide the default rates, loss rates and then the default probabilities and loss given defaults used to calculate the equity requirements for these portfolios. For the Corporate Fleets activity, two counterparty credit scoring systems have been developed and are regularly backtested, one for France (Basel II/IRBF model) and another for countries outside France. They are regularly backtested and any external ratings incorporated are benchmarked. Two systems (France and non-France) are used for loan approvals and on-going loan agreements in the Corporate Dealers segment. The IRBF approach has been approved for the eight countries in which Banque PSA Finance has a Corporate Dealers activity. These models are also regularly backtested.

Credit risk is accounted according to IFRS standards. Defaulted retail loans and sound loans with past due instalments are impaired at a rate calculated several times each year using a model which estimates the present value of any future amounts recovered based on historic recovery data for bad debts. Non-performing Corporate Dealers and Corporate Excluding Dealers and Equivalent loans are impaired on a case-by-case basis (Flash report) and account is taken of the value of any guarantees held. These portfolios are impaired as soon as the loan is classed as non-performing if an analysis of the loan in question indicates a loss greater than zero.

Risk management procedures incorporate:

- Head Office validation of the products offered by subsidiaries and dealerships, with clear definition of their legal status and any associated guarantees, maximum life, minimum contribution and any thresholds and residual values;
- checks to ascertain the risk of invoicing more than the loan amount or Corporate Dealers/Retail loan duplication;
- loan approvals subject to certain conditions;
- strict lending levels and granting procedures;
- checking the documents provided in support of the loan application and any guarantees required prior to making the funds available.

There is also an enhanced system in place for Corporate Dealers and Corporate Fleets portfolios which includes:

- pre-determined lines of credit and terms (annual for Corporate Dealers), the credit lines being linked to financial products which in turn have their own lines, bearing in mind that the two are not interchangeable;
- collective guarantees or requirement for guarantees to be produced at the start of the relationship, on renewal, or should credit risk increase between two renewals. The guarantees can be personal, based on specific assets or given by credit insurers. Bank guarantees are also accepted;
- daily monitoring of potential payment issues;
- a graduated alert system which runs from "under review" to "default" including a conditional default system which applies even if the default does not fall into the Basel default category;
- a dealer ratings review system triggered by changes in their financial or commercial indicators;

- stock audits at a frequency appropriate for the dealer's risk profile plus the retention of the Registration Documents and finally loan agreements which provide that financed vehicles may be pledged at any time, subject to the regulations in force in the particular country.

Retail risks are monitored on the basis of:

- changes in the quality of loan applications and loan provision;
- payment behaviour indicators for each technique, customer segment, year of production, etc.;
- Basel risk measurement indicators for current loan agreements.

The risk monitoring indicators are checked by local and central analysts who meet at least bimonthly, more frequently if necessary, to substantiate their analyses. Any areas of risk identified may lead to a change in the risks measurement and control processes.

The principal measures used to monitor risk in the Corporate sector are:

- tracking utilisation of credit lines;
- monitoring the counterparty's financial situation;
- monitoring payment issues and past due instalments;
- monitoring potentially serious situations such as companies who cease trading, rehabilitation proceedings or compulsory liquidations;
- daily monitoring of credit line utilization (locally or at Head Office), potential payment issues and the findings of the stock audits;
- keeping a very close eye on dealers under surveillance or who have defaulted or fall into the "conditional default" category;
- monthly meeting of a local Credit Committee attended by non-voting Peugeot and Citroën representatives;
- meetings between Head Office and subsidiary or branch personnel at least once a month.

The Banque PSA Finance Risk Committee and the Audit Committee are the main bodies responsible for monitoring credit risk at Banque PSA Finance. The Risk Committee also validates the risk measurement models. In certain cases, these may be validated at a Basel II Committee meeting attended by members of the Risk Committee.

4.3.3. MARKET RISKS AND FINANCIAL RISKS

4.3.3.1. LIQUIDITY RISK

RISK FACTORS

Banque PSA Finance's exposure to liquidity risk is dependent on:

- external parameters (Market risk): essentially the situation of international financial markets;
- internal parameters (Funding risk): principally the Bank's rating which, because of the methodology used by the main rating agencies, is linked to its parent company's rating.

These risks are potentially heightened due to the fact that Banque PSA Finance cannot rely on a base of customer deposits as a source of finance.

Banque PSA Finance raises its finance from bank credit lines and market financing operations but also has recourse to securitisation programmes and the refinancing transactions available through the central banks, principally the ECB.

Of all financial risks, liquidity risk is Banque PSA Finance's main concern and so the subject of particular attention and vigilance.

MEASURING, MANAGING AND MONITORING THE RISK

Liquidity risk measurement is based on:

- the intraday liquidity risk and financing requirement and ten-day and one month liquidity forecasts to comply with the capital adequacy ratios the bank must adhere to;
- Banque PSA Finance's capacity to refinance its new Retail and Corporate loan provision without a maturity gap, bearing in mind that the bank's internal regulations require that the underlying asset offers sufficient cover to refinance the related asset on maturity.

The risk measurements are stress tested to assess their resilience and their continued ability to meet the liquidity control limits set internally

There are two mechanisms in place for managing liquidity risk:

- A general policy based on an adequate capital base, diversification of external funding sources and lenders, a liquidity facility and a requirement that the bilateral back-up facilities and syndicated credit facilities of its receivables securitisation programme are adequate to repay the ECB loans (long-term full matching of its underlying assets and liabilities).

- A series of risk ceilings and indicators, the main ones being:
  - liquidity risk indicators and ceilings to calculate Banque PSA Finance's liquidity risk at the present moment and in the near future;
  - a liquidity coefficient higher than the statutory minimum;
  - having adequate financial security in place to guarantee the continued operation of its Retail activity, without restriction, over a six-month period, assuming that it has no access to the capital markets during this period and is unable to secure new bank loans;
  - stress scenario simulations and a contingency plan.

Risks indicators are calculated daily or monthly, as applicable, and a Refinancing Committee meets every month to monitor application of the general policy, current and anticipated risk levels and compliance with the limits set. It also discusses any measures that need to be taken to further enhance the measurement, management and monitoring of liquidity risk.

4.3.3.2. INTEREST RATE RISK

RISK FACTORS

It is the Bank's policy to avoid interest rate risk using financial derivatives, where necessary, to meet this objective. Managing interest rate risk entails adhering to this policy and checking compliance on a very regular basis.

MEASURING, MANAGING AND MONITORING THE RISK

At least once a month, residual interest rate exposure is calculated and sensitivity tests and stress tests are run.

As at 31 December 2012, the sensitivity tests run on a 1% increase in the aggregate interest rate curve produced a positive result of nearly €1 million. The same simulation run at different times throughout 2012 produced results varying between -€0.7 million and +€3.4 million.

To optimise the financing cost of the new retail loan book, Banque PSA Finance has decided, where necessary, to permit hedges against a rise in the long-term rates. These hedges meet the cash flow hedge requirements of IAS39 which are designed to highlight any over-hedges.

Therefore, the term never exceeds one or two six-month production periods and hedges kept to a minimum to take account of the ever-present risk of a slowdown in production. As at 31 December 2012, there were no anticipatory interest rate hedges in place to cover future production.

The liquidity risk management process can be broken down as follows:

- a general policy;
- a limit that incorporates the "granularity" required of the swaps put in place;
- Interest rate risk indicators and associated thresholds to determine the risk level;
- stress scenario simulations and the determination of tolerable thresholds that encompass their financial impact;
- use of ISDA/FBF Convention derivatives with a margin call facility (CSA).

To monitor interest rate risk the bank uses a series of monthly indicators and reports to check the policy is being implemented and the potential cost of a deviation of the interest rate curve, including in a stress situation. The monthly Refinancing Committee, the Risk Committee and the Audit Committee monitor application of the general policy, current and anticipated risk levels and compliance with the limits set. They also discuss any measures that need to be taken to further enhance the measurement, management and monitoring of interest rate risk.

4.3.3.3. COUNTERPARTY RISK

RISK FACTORS

Banque PSA Finance is exposed to counterparty risk from three sources:

- its interest rate risk and operational currency risk hedges;
- investment of its liquidity reserve;
- the delegated management of the Securitisation Fund liquidity reserve investments.

MEASURING, MANAGING AND MONITORING THE RISK

It invests only in money market securities issued by leading banks, in the form of either units in money market funds with capital and performance guarantees from these leading banks or money market notes. Counterparties undergo a sustainability and solvency analysis and are given a credit rating based on an internal model.

Derivatives transactions are governed by standard ISDA or national agreements and contracts with the most frequently used counterparties provide for weekly margin calls (98.2% of outstanding loans as at 31 December 2012). Derivative contracts are entered into solely with Investment Grade banks.

Utilisation of these limits is assessed and checked daily and any limits exceeded would be reported on a daily basis. A summary report of any limits exceeded is submitted monthly to the Banque PSA Finance Refinancing Committee and also to Risk Committee and Audit Committee meetings. Proposed improvements of the counterparty risk measurement, management and monitoring mechanism are submitted to the Banque PSA Finance Refinancing Committee for approval.

4.3.3.4. CURRENCY RISK

RISK FACTORS

Banque PSA Finance is exposed to two types of currency risk:

- Structural currency risk (position as at 31 December 2012: €527 million);
- Operational currency risk (position as at 31 December 2012: €0.8 million).

MEASURING, MANAGING AND MONITORING THE RISK

Structural positions and future results are not hedged because, as the term of a subsidiary or branch is by definition indefinite, any hedge would constitute a long-term net open position.

It is Bank policy to keep operational positions to a minimum to protect its results from exchange rate fluctuations. In practice, only limited, specifically identified, residual positions are not required to be hedged.

A monthly report highlights the structural and operational currency positions and Banque PSA Finance's operational risk is monitored at each Monthly Refinancing Committee, Risk Committee and Audit Committee meeting.

4.3.3.5 MARKET RISK

It is the policy of Banque PSA Finance not to incur market risk as defined in the banking regulations. Transactions involving derivative, interest rate or foreign exchange instruments are entered into as hedges of balance sheet items, which, moreover, are not intended to be sold short-term. Banque PSA Finance regularly ensures that this internal rule is complied with and that hedges correctly match the items hedged.

4.3.4. RISKS RELATING TO ASSET-BACKED-SECURITIES

RISK FACTORS

Securitisations originated by Banque PSA Finance are sold without recourse to loan funds, and the Bank maintains a portion of the risk by holding so-called subordinated portions or units, as well as through other credit enhancement features including liquidity reserves. Beside holding portions of loan funds, the risks borne by Banque PSA Finance are:

- an unexpected, unusual downgrade in the quality of the assets sold;
- a sharp drop in the production of new financings, affecting the production of reloaded securitisations;
- poor valuation of the economics of the transaction or of the quality of the assets at the time the transaction is originated.

These three sources of risk ultimately activate triggers and, potentially, accelerated amortisation, which then could result in reputation risk and greater difficulty in marketing ABS auto loans.

RISK MEASUREMENT, MANAGEMENT AND CONTROL

When originating an asset-backed-security, Banque PSA Finance obtains advice from the arranging banks. In addition, Banque PSA Finance now has over ten years' experience in turning loans into securities. In order to make sure that the loans securitised are thoroughly understood and understandable, every securitisation involves a highly consistent portfolio of loans, in that each largely represents a single country, financing method, type of financing or type of borrower. The loans are always originated, carried and administered by a subsidiary or branch of Banque PSA Finance, though there is never anything to indicate to the customer relations and collections staff whether the loans on which they are working have been securitised or not. Banque PSA Finance securitisations are rated by the rating agencies and monitored over the life of the fund into which they are sold. This makes it possible to construct various crisis scenarios before the securities are invested in and then throughout the life of the fund.

4.3.5. CONCENTRATION RISK

RISK FACTORS

Banque PSA Finance is exposed to several types of concentration risk:

- the concentration risk of each loan transaction (Corporate Dealers);
- the segment concentration risk of each loan transaction (Retail and Corporate Fleets);
- the concentration risk of its bank loans.

MEASURING, MANAGING AND MONITORING THE RISK

Concentration indices are used to measure the segment and individual concentration risks of the loan transactions. There are risk ceilings in place for individual and segment concentration risks and also for the concentration risks of the credit institutions who lend to BPF. Counterparty risk ceilings are also set.

According to the type of concentration risk, the ceilings are submitted quarterly to the Banque PSA Finance Risk Committee or to the Banque PSA Finance Refinancing Committee

Banque PSA Finance factors in the impact of PSA Peugeot Citroën Group's rating when determining the level of its commitments to the latter.

As at 31 December 2012, the risk-weighted loans and commitments to PSA Peugeot Citroën stood at €269 million, i.e. 9.6% of its capital adequacy ratio. On the same date, the ten largest credit commitments of Banque PSA Finance, including those to the PSA Peugeot Citroën Group, represented a total of €2,303 M or 82% of regulatory capital. Listed by type of counterparty, the ten largest commitments break down as follows:

- Banks: €1.285 M or 45.9% of regulatory capital;
- Corporate network (excl. PSA): €759 M or 12.7% of regulatory capital;
- Corporate non-network and similar (excl. PSA): €299 M or 10.7% of regulatory capital;
- PSA Peugeot Citroën Group: €269 M or 9.6% of regulatory capital;
- Sovereign: €95 M or 3.4% of regulatory capital.

4.3.6. OPERATIONAL RISK

DEFINITION AND RISK FACTORS

Banque PSA Finance defines operational risk as "the risk of loss arising from inadequacy or failure attributable to procedures, employees, internal systems or external events, including events which, although very unlikely to happen, would carry a high risk of loss".

IDENTIFYING AND ASSESSING THE RISK. MANAGEMENT AND MONITORING PROCEDURES

Banque PSA Finance is exposed to any one of the incidents listed in the Basel operational risk categories:

- Internal fraud and external fraud;
- employment practices and workplace safety;
- clients, products and business practice;
- damage to physical assets;
- business disruptions and systems failure;
- execution, delivery and process management.

Banque PSA Finance is primarily exposed to "operational risks mainly linked to credit risk, external fraud and, to a much lesser extent, the risks inherent in outsourcing activities to contractors or partners.

Banque PSA Finance has produced, and up-dates, a global risk map for all of its activities. In this map, operational risks are identified, given a priority rating of one to four and classed by activity, process and sub-process.

Risk management mechanisms are incorporated into the procedures and operating instructions and second-tier checks are carried out by the permanent control functions. Risk is also managed via decision-making and authorisation rules or special solutions incorporated into the IT systems. Business recovery plans have been drawn up and deployed for central (head office) and local (subsidiary and branch) buildings and IT systems. They are tested once a year.

4.3.7. NON-COMPLIANCE RISK

DEFINITION AND RISK FACTORS

Non-compliance risk is defined as the risk of court, administrative or disciplinary sanctions, major financial loss or injury to reputation arising from failure to comply with the statutory provisions and regulations of the banking and financial sectors, be they professional standards, codes of ethics or instructions from executive management in response to a decision of the Board.

The risks factors involved are linked to misinterpretation of the texts themselves or failure to adequately incorporate them into operating procedures, processes and internal instructions. The bank may also find it falls short of its prudential ratios as a result of its inability to comply with one or more of the ratios it must meet by law or, more generally, under the terms of its loan agreements or transactions in general. This applies to all prudential ratios, and particularly its solvency and liquidity ratios.

MEASURING, MANAGING AND MONITORING THE RISK

Upstream, there is a regulatory monitoring system in place. This mechanism identifies any changes announced by the supervisory authorities and potential sanctions, analyses the information and finally assesses its impact on customer relations and the bank's processes and organisational structure, IT systems, scope of activity and its business model in general.

Non-compliance risk is managed by adapting procedures, instructions and operating procedures, identifying politically exposed persons and persons whose assets have been frozen, setting materiality thresholds and criteria for anomalies relating to the money laundering and anti-terrorism regulations, as well as a professional warning system.

Non-compliance risk is primarily monitored locally via non-compliance risk control measures. Based on tracking data and analysis, the risk level is determined at the quarterly Compliance Committee meetings organised by the head office Compliance division.

4.3.8. REPUTATION RISK

DEFINITION AND RISK FACTORS

For Banque PSA Finance, its reputation risk is twofold:

- a specific risk to its "reputation and image, particularly in the eyes of its end customers, dealerships, other banks and supervisory authorities (excluding internal image risk)";
- the possible repercussions of an operational incident.

MEASURING, MANAGING AND MONITORING REPUTATION RISK

Image and reputation risk is to a large extend linked to risks already identified which are covered by Internal control mechanisms: Notably for internal and external fraud risks and non-compliance risk.

There are a number of mechanisms in place to prevent these risks:

- compliance with banking secrecy and professional discretion;
- validation by legal services of all standard letters sent to customers and advertising messages;
- quality control of all customer relations;
- validation of new products by the Legal, Fiscal and Compliance Departments;
- a warning system.

To further protect its reputation, Banque PSA Finance is currently testing a mechanism for tracking discussions and messages on forums, blogs etc.

4.3.9. INSURANCE BUSINESS RISK

Banque PSA Finance operates an insurance business through two insurance companies, one of which is a life insurance company whose policies are marketed in tandem with the Banque PSA Finance loan agreements.

RISK FACTORS

Banque Finance's insurance activity is exposed to three risks:

- an underwriting risk and the risk of under-provision;
- the financial risks of the markets on which it invests;
- counterparty risk.

MEASURING, MANAGING AND MONITORING INSURANCE BUSINESS RISKS

Risk thresholds are set for subscriptions and claims management and these are monitored via reports submitted to the monthly Technical Committee meetings. Stress scenarios have been devised and different statistical control methods are used. Provisioning methods used are those recommended by the insurance regulator and they are reviewed by an external actuary who audits the work of the internal actuary. A technical provision certification report is produced at the end of the audit. Finally, the loss ratio is analysed at each Board of Directors Meeting.

Financial market risks are contained via an investment policy:

- asset allocation rules (asset type, geographical zone, business sector, maximum relative weighting of all financial assets held) and currency risk rules;
- short and medium term investments mainly in French UCITS;
- an average investment period not exceeding 12 months;
- investment grade only counterparties;
- stress scenarios.

The prudential solvency ratios (Solvency I) are monitored monthly to ensure compliance with all of the Companies' solvency ratios. The Companies' local procedures exceed the MFSA requirements of tracking and quarterly reporting to the controlling body. Finally the ratios are submitted for analysis to each meeting of the Investment Committee (responsible for solvency monitoring) and at Board meetings.

4.3.10. CORRELATION BETWEEN BANQUE PSA FINANCE AND ITS SHAREHOLDER

DEFINITION OF CORRELATION RISK AND THE RISK FACTORS

Given that Banque PSA Finance is part of a Group, and its activities are linked to this Group and cannot be diversified, a number of factors originating within the PSA Peugeot Citroën Group may partially affect the bank's activity and profitability:

- financial and economic factors: the sales performance, financial results, profitability prospects and indeed the rating of the PSA Peugeot Citroën Group;
- strategic factors: product development and geographical locations;
- factors linked to PSA Peugeot Citroën's reputation and brand image.

MEASURING, MANAGING AND MONITORING CORRELATION RISK

The different risk factors have been classed in order of importance and stress scenarios used to fully understand them. The main risk lies in the short and long-term ratings of PSA Peugeot Citroën and Banque PSA Finance, due to the methodology used by rating agencies. Stress scenarios were used to ascertain the effect on Banque PSA Finance were its shareholder's rating to be downgraded below certain thresholds, specifically if the latter's short or long term rating fell short of investment grade or closed access to specific financial markets. This eventuality was also studied within the context of the liquidity risk contingency plan in place.

4.4. LEGAL AND CONTRACTUAL RISKS

The PSA Peugeot Citroën Group is exposed to legal risks as an employer and in connection with the design and distribution of vehicles, the purchase of components and the supply of services.

To manage these risks, the Group implements preventive policies covering workplace health and safety, industrial and intellectual property, the manufacturing environment, vehicle safety, product and service quality and the security of the Group's transactions from a legal standpoint.

4.4.1. LEGAL AND ARBITRATION PROCEEDINGS

As of 31 December 2012 no Group company was involved in any claims or litigation that had a material impact on the consolidated financial statements.

During the last twelve months, there have been no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Group's financial position or profitability, and to the best of the Group's knowledge, no such proceedings are pending or threatened.

Concerning provisions for claims and litigation, please refer to Note 28.2 to the consolidated financial statements at 31 December 2012.

4.4.2. FINANCIAL COVENANTS

Faurecia's syndicated loan signed in December 2011 contains certain covenants setting limits on debt and requiring Faurecia to comply with certain consolidated financial ratios. At 31 December 2012, all of the covenants set out in Note 37.1.A of the Notes to the Consolidated Financial Statements (see section 20.3.7 of this Registration Document) were complied with.

Peugeot SA and GIE PSA Trésorerie's €2.4 billion syndicated revolving credit facility demands a net debt to equity ratio of less than one. This ratio was met as at 31 December 2012.

None of the other manufacturing and sales companies' borrowings are subject to any ratings triggers. However, in certain cases the loan agreements contain guarantee clauses that are standard in the automotive industry. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. There are however an number of exceptions;
- material adverse change clauses, which apply in the event of a major change in economic conditions;
- pari passu clauses, requiring the lender to be treated at least as favourably as the borrower's other creditors;
- cross-default clauses, whereby if one loan goes into default, other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with the applicable legislation;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and require the Group to pledge a minimum amount of financial assets.

The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. or Faurecia shares.

Many of BPF's agreements contain acceleration clauses: (i) the obligation to maintain bank status and thus to comply with the statutory ratios for all French banks, (ii) a Common Equity Tier One ratio of at least 11%, (iii) and for the latest loan obtained in December 2011 and all future loans (iv) the option of a government guarantee for bond issues must be maintained.

All these clauses are currently complied with.

4.4.3. RISKS RELATED TO PENSION AND OTHER POST-RETIREMENT BENEFIT OBLIGATIONS

The Group's employees in certain countries are entitled to supplementary pension benefits under either defined contribution or defined benefit plans, as well as lump-sum length-of-service awards paid at the time of retirement. The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. For its defined benefit plans – which primarily concern France and the United Kingdom – the Group is required to record a provision corresponding to the long-term pension benefit obligation, which generates employee-benefit related commitments in the consolidated accounts. This directly impacts the Group's consolidated income statement.

In addition, the value of the Group's defined benefit pension obligation can be affected by changes in the underlying assumptions used for the calculations, such as the discount rate applied to future cash flows, inflation rates, the estimated rate of return on plan assets, and demographic assumptions (e.g. the rate of future salary increases, mortality tables and staff turnover assumptions).

In order to effectively control the Group's overall defined benefit obligation, independent actuaries perform valuations of the recognised liability every year in each country concerned, and the assumptions used are regularly reviewed so as to best reflect reality. The Group's pension funds (allocation of financial assets, underlying strength of the models used, returns, etc.) are monitored by Corporate Finance.

Lastly, the Group anticipates changes in the applicable accounting standards so that it can identify and effectively deal with their impacts.

For more details, please refer to Note 29 to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.4.4. RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS

In the course of its business, the Group patents its innovations and grants or receives rights to use patents or other industrial or intellectual property rights, undertaking all of the usual measures to protect them.

The Group pays careful attention to protecting its intellectual property rights and legal action is taken against producers of counterfeit replacement parts and any other parties that breach the Group's rights.

In 2012 PSA Peugeot Citroën, for the fifth year in a row, finished first in French patent filings, with 1,237 patents published with the *Institut National de la Propriété Industrielle* (INPI). In 2011 this trend is expected to continue in 2013.

4.4.5. OFF-BALANCE SHEET COMMITMENTS

The main off-balance sheet commitments concern guarantees, bonds and endorsements issued by the Group in the normal course of business, as well as commitments undertaken as part of cooperation agreements.

For more details, please refer to Note 38 to the Consolidated Financial Statements at 31 December 2012 (see section 20.3.7 of this Registration Document).

4.5. RISK COVERAGE – INSURANCE

With the support of insurance brokers specialised in insuring major risks, the Group's Insurance unit has set up worldwide insurance programmes that are placed with companies that have a high insurer financial strength rating. The main programmes are as follows:

- the property and casualty programme, covering damage to Group assets and consequential business interruption risks under four policies providing aggregate cover of €1,500 million with deductibles of up to €10 million per claim;
- The liability insurance programme which is designed to transfer to the insurance market the financial cost to the Group of any third-party losses, under three policies providing aggregate cover of €250 million. The maximum deductible is €0.5 million per claim;
- the vehicle transportation and storage insurance programme under three policies providing cover of up to €100 million for damage to vehicles stored on outside parking lots and up to €50 million for damage to vehicles or parts during transportation. The maximum deductible under the programme is €0.3 million per claim;
- The fraud programme, providing cover of €60 million for financial losses caused by fraud or a malicious attack on information systems.

Some of the lead policies under these programmes are reinsured by the Group's captive reinsurance company, SARAL (SA de Réassurance Luxembourgeoise), a wholly-owned subsidiary of Peugeot S.A., which insures the Group's risks alongside external insurers and reinsurers.

SARAL is involved in insuring the Group's operational risks around the world, such as property risks, consequential business interruption risks, automobile liability risks, risks associated with the transportation of vehicles and their storage on parking lots and fraud risks.

Its commitment under the above policies amounts to, respectively, (i) €8 million per claim and per year, (ii) €0.75 million per claim, (iii) €15 million per claim and €30 million per year, and (iv) €1.5 million per claim and €3 million per year.

SARAL has purchased stop loss reinsurance on the international reinsurance market covering aggregate claims by the Group in excess of €33 million.

Allied to its pro-active approach to risk prevention the Group's insurance policy can be summed up as transferring high-level risks to the insurance market and retaining low- and average-level risks through deductibles and the captive reinsurance company.

5

INFORMATION ABOUT THE COMPANY

5.1. HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1. LEGAL AND COMMERCIAL NAME OF THE COMPANY

The name of the Company is Peugeot S.A.

The name "PSA Peugeot Citroën" refers to the entire Group of companies owned by the Peugeot S.A. holding company.

5.1.2. PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered in the Paris Trade and Companies Register under number 552,100,554. Its APE business identifier code is 7010Z.

5.1.3. DATE OF INCORPORATION AND LENGTH OF LIFE

The company was established in 1896. Its term will end on 31 December 2058, unless it is wound up before this date or its term is extended.

5.1.4. REGISTERED OFFICE – GOVERNING LAW – LEGAL FORM

REGISTERED OFFICE

The Company's registered office and administrative headquarters is located at 75, avenue de la Grande-Armée – 75116 Paris, France.

Phone: +33 (0)1 40 66 55 11.

GOVERNING LAW

The Company is governed by the laws of France.

LEGAL FORM

It is incorporated as a *société anonyme* (joint stock corporation) governed by a Managing Board and a Supervisory Board under the terms of the French Commercial Code.

5.1.5. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE COMPANY'S BUSINESS

Founded in 1896, Peugeot S.A. engaged in manufacturing and sales until 1965, when it was transformed into a holding company as part of a legal and financial restructuring of the Group. Its operating activities were taken over by a subsidiary, Automobiles Peugeot.

In 1974, Peugeot S.A. acquired all of the outstanding shares of Citroën S.A. and then merged the two companies in 1976.

In 1978, the Chrysler Corporation sold its European manufacturing and sales operations to Peugeot S.A. In exchange for shares. In 1980, the newly-acquired companies – which continued to do business under the Talbot marque – were transferred to Automobiles Peugeot.

In 1979, Chrysler Financial Corporation's European commercial financing subsidiaries were acquired, marking a turning point in the development of the Group's finance business.

Aciers et Outillages Peugeot merged with Cycles Peugeot in 1987 and was renamed Ecia. It then became Faurecia in 1998 following its friendly merger with automotive equipment manufacturer

Bertrand Faure. In 2001, Faurecia acquired Sommer Allibert's automotive equipment business.

PSA Finance Holding, whose subsidiaries offer financing for Peugeot and Citroën customers, was converted into a bank in 1995 and renamed Banque PSA Finance.

The Automotive Division was reorganised in late 1998 to align legal structures with the new functional organisation introduced that year. Automobiles Peugeot and Automobiles Citroën transferred all their motor vehicle development and manufacturing assets to Peugeot Citroën Automobiles and their capital equipment design and manufacturing operations to Process Conception Ingénierie.

On 29 February 2012, PSA Peugeot Citroën and General Motors (GM) signed a Master Agreement announcing a global strategic alliance around two main pillars: the sharing of vehicle platforms, components and modules and the creation of a purchasing joint venture for products and services.

On 19 December 2012, PSA Peugeot Citroën announced JSC Russian Railways (RZD) had acquired 75% of the capital and voting rights of its subsidiary, GEFCO S.A., per the memorandum of agreement signed on 5 November 2012. The companies had announced their entry into exclusive negotiations on 20 September 2012.

On 20 December 2012, the Group and GM confirmed the signature of agreements in steps towards implementation of their global strategic alliance. In line with the framework agreement signed on 29 February, both parties signed final agreements on three vehicle projects and their purchasing joint venture.

5.2. CAPITAL EXPENDITURE

Please refer to section 10.3.2 concerning the statement of cash flows of manufacturing and sales companies and section 11 concerning "research and development and capital expenditure". In 2012, all the Group's programmes were reviewed with the aim of reducing Automotive Division cepex and R&D spending.

5.3. ACTIONS IN FAVOUR OF SUSTAINABLE DEVELOPMENT – ENVIRONMENTAL AND COMMUNITY INITIATIVES

SCOPE OF REPORTING

The social and environmental data in this section are for the consolidated group, and concern the parent company as well as all the subsidiaries and entities it controls.

Detailed social and environmental data as well as information on sustainable development initiatives also covers the Automotive (PCA), Banking (BPF) and Equipment supply (Faurecia) divisions. GEFCO, in which the Group sold off 75% of its stake in December 2012, is excluded from the scope of reporting.

In compliance with regulations, quantitative data were reported using cross-functional, comparable indicators when relevant. Other data, including examples of company level initiatives are detailed in the CSR reports of each of the entities, notably PSA Peugeot Citroën's CSR (Corporate Social Responsibility) Report which outlines policies, commitments and results in the automobile and banking divisions, and Faurecia's Registration Document.

The scope of reporting does not include subsidiaries jointly owned with other carmakers or joint ventures accounted for by the equity method. PSA Peugeot Citroën owns a stake in six automobile manufacturing joint ventures:

- TPCA, located in Kolin in the Czech Republic, in cooperation with Toyota;
- DPCA, located in Wuhan and XiangFan, Hubei Province, China, in cooperation with DongFeng Motor Corp;
- CAPSA, located in Shenzhen, China, in cooperation with China Changan Automobiles;
- Sevelsud, located in Val di Sandro, Italy, in cooperation with Fiat;
- Française de Mécanique, located in Douvrin, France, in cooperation with Renault.

PCMA Automotiv RUS, located in Kaluga, Russia, a joint venture with Mitsubishi Motors Corp, is included in the social and the environmental scope of the report.

In these joint ventures, PSA Peugeot Citroën exercises its role as shareholder and industrial partner in a commitment to supporting each venture's long-term development. Therefore it takes its CSR responsibilities just as seriously in these joint ventures as it does in its other operations.

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

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

AUDIT

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

Faurecia commissioned an independent expert who audited the Company's quantitative and qualitative data in light of the Grenelle Law. Its findings were communicated to Grant Thornton who included them in their full auditor's report.

Data required by the Grenelle 2 Law are indicated with icons numbered from G1 to G42.

Grant Thornton's full auditor's report is available in chapter 23 of this Registration Document.

5.3.1. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY INTEGRATED INTO THE GROUP'S STRATEGIC VISION G.20

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

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

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

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

Its approach to CSR is based on three foundations that broaden its scope to include more than just cars.

PSA Peugeot Citroën is positioned as:

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

Within the Group, the Sustainable Development Department reports to a member of the Executive Committee. This cross-functional department manages the CSR process, backed by a network of correspondents in each of the Group's major departments. It recommends CSR initiatives to the Executive Committee, which approves them in an annual review process and oversees their implementation.

SETTING THE STANDARD IN SUSTAINABLE MOBILITY

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

LEVERAGING CLEAN TECHNOLOGY TO SHRINK THE GROUP'S ENVIRONMENTAL FOOTPRINT

Every year, PSA Peugeot Citroën makes considerable investments to reduce the CO_2 emissions of the vehicles its sells. Improvements in engine efficiency, combined with programmes to make vehicles lighter and more aerodynamic, have enabled the Group to shrink average emissions per vehicle to 122.5 g/km of CO_2 in 2012 in 22-country Europe. Nearly half the models sold in Europe during the year emit less than 121 g/km of CO_2. This puts the Group firmly on track to meet the EU target of 95 g/km of CO_2 by 2020, and makes it Europe's best-performing car maker in terms of CO_2 emissions;

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

- 2009 and 2010: market launch of a number of diesel-powered vehicles emitting less than 99 g/km of CO_2;

- 2010 : wider use of micro-hybrid e-HDi technology, which automatically shuts down the internal combustion engine when the vehicle is at a standstill (at a red light, for example, or in a traffic jam), thereby reducing fuel consumption as well as CO_2 emissions by up to 15% in city use;
- 2011 : launch, in a world first, of HYbrid4 technology, which combines a diesel internal combustion engine and an electric motor. This innovation is currently available on the Peugeot 3008 and 508 *sedan and RXH* and the Citroën DS5. These models can operate in full electric mode from start-up and for the first three to four kilometres, up to speeds of 60 km/h. Then the internal combustion engine takes over and recharges the battery, notably every time the vehicle decelerates;
- 2012 : launch of new three-cylinder petrol engines that emit fewer than 95 g/km of CO_2 and unveiling of the HYDOLE prototype car with a plug-in hybrid diesel engine that emits less than 50 g/km of CO_2;
- 2013 unveiling of the Hybrid Air prototype car with a full hybrid powertrain that combines a petrol engine, compressed air and hydraulic power.

Unveiling of the Efficient Modular Platform 2 (EMP2), the Group's new, global platform that uses high-performance, next-generation technology for improved modularity and equipment efficiency, and lower CO_2 emissions.

As cities install the necessary infrastructure, electric vehicles will increasingly become a plausible alternative solution, especially for urban use. A pioneer in this sector, PSA Peugeot Citroën was the first European carmaker to bring to market electric utility vehicles with the Citroën Berlingo and Peugeot Partner. In 2010, the Group strengthened its position with the Peugeot iOn and Citroën C-Zéro, two consumer EVs. In 2011, Peugeot rounded out its product line with the fully electric e-Vivacity plug-in scooter. In 2012 the Group was Europe's leading EV manufacturer for the second year in a row. In 2013 its EV line-up will be enhanced with two new light utility vehicles.

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

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

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

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

A MANUFACTURING COMPANY COMMITTED TO REDUCING ENVIRONMENTAL IMPACTS

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

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

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

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

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

EFFECTIVE RESPONSES TO EMERGING URBAN MOBILITY CHALLENGES

A carmaker's role is no longer restricted to designing, producing and selling automobiles. Customers are looking for new, convenient mobility solutions that do not systematically involve owning a car. PSA Peugeot Citroën has responded proactively to new consumer expectations by enhancing its existing services line-up and developing new customisable mobility solutions, including the following already introduced in France and other European countries:

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

The Group is continuing to roll out these services internationally.

Mu by Peugeot is now available in seven European countries and over 90 dealerships. The target is to add over a hundred new sites a year.

The service has already received several innovation awards in Germany, Belgium, Spain and the United Kingdom.

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

- peer-to-peer carsharing, introduced in June 2012, whereby a car owner lends his vehicle to another person for a short period of time. This lets the owner earn extra money from his car as well as enables the renter to have the use of a car under safe conditions when he needs one;
- carpooling, which lets people save money, reduce CO_2 emissions and have company for long commutes;
- Citroën Multicity Auto-partage Berlin, an EV carsharing service introduced in Germany's capital on 30 September 2012. This service uses Citroën's C-Zéro electric vehicles, and offers maximum flexibility since the cars do not have to be reserved ahead of time and can be used for one-way trips.

In addition, the Group has made road safety an essential component of responsible mobility. Its advanced safety equipment is available on all PSA Peugeot Citroën ranges and is largely affordable. This equipment includes the eCall emergency call service, a distance alert system, and a smart cruise control system for use in moderate traffic that adjusts the car's speed to that of the car in front of it. The Group is also pursuing its on-Board intelligence research projects to develop tools that provide users with access to a wide range of customised services designed to make travelling easier.

A FULLY-FLEDGED PARTNER TO ITS HOST COMMUNITIES

INTERACTING WITH CIVIL SOCIETY

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

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

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

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

a. Mobility and welfare-to-work programmes to help the unemployed find jobs (23% of 2012 donations);

b. Mobility and emergency outreach programmes to help the poor, homeless, and those in need of humanitarian aid (25% of 2012 donations);

c. Mobility and educational and cultural programmes to promote equal opportunity and give a second chance to at-risk youth (26% of 2012 donations);

d. Mobility and disability programmes to give the disabled greater independence and an improved quality of life (14% of 2012 donations);

e. Mobility and the environment initiatives to build awareness about sustainable mobility and the preservation of biodiversity (12% of 2012 donations).

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

- Through its Peugeot brand the Group joined forces with France's National Forestry Service (ONF) in 1998 to initiate a carbon sink project in the Amazon. The project involves reforesting a large plot of degraded land in Brazil, with the goal of sequestering carbon and supporting research work on the greenhouse effect and biodiversity. In 2012, the project partners set up PETRA, an experimental platform for the management of Brazilian Amazon rural lands. PETRA will supplement the annual support provided to French and Brazilian PhD students for research in priority areas for carbon sink technology (like forestry, biodiversity and carbon capture).

SUPPLIER RELATIONS: CREATING LASTING COMPETITIVE ADVANTAGE

PSA Peugeot Citroën leverages its relations with suppliers with the goal of becoming more competitive in terms of cost-effectiveness, quality, innovation and the creation of shared value.

Its "Excellence in Supplier Relations" initiative, launched in 2009, responds to supply chain challenges in all aspects of automobile projects including R&D, technical support, and production. After selecting 13 strategic suppliers in 2011 and 2012 – all multinational companies with global operations – the Group is currently identifying around 100 major suppliers that have the necessary financial solidity and capacity for innovation to support the Group's development, especially in international markets.

For PSA Peugeot Citroën, forging solid, lasting supplier relationships also requires compliance with the Group's social and environmental standards and continuously improve their performance in this area.

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

DEPLOYING A RESPONSIBLE HUMAN RESOURCES POLICY

HUMAN RESOURCES: A KEY PERFORMANCE DRIVER

Personalised career development support

To support its talented employees and help them develop their skills, the Group relies on PSA 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 attitudes that comply with PSA Peugeot Citroën's values and strategic objectives.

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

In early 2012 the Group rolled out the "Mobility 2012" initiative, to underscore its commitment to responsible development and better manage its restructuring operations. "Mobility 2012" offers employee mobility opportunities for those wishing to broaden their horizons and work in "sensitive" business.

The initiative provides:

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

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

PSA Peugeot Citroën also celebrates the diversity of its people and their cultures and makes equality and respect for differences one of the founding principles of its responsible HR policy. The deployment of the Worldwide Diversity Commitment has provided the Group with a reference document. It contains seven founding principles designed to enable teams to take into consideration gender balance and diversity issues and the challenges they represent. Already the recipient of various French employee diversity and gender equality awards in recent years, in 2011 the Group obtained the first certification granted under the Gender Equality European Standard.

A commitment to health and safety

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

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

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

Development supported by international dialogue

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

This effective dialogue is particularly important during periods of strained labour relations. The Group's management works closely with labour unions and government representatives to find mutually-acceptable solutions that will limit the job losses stemming from its restructuring plans. The talks should be concluded in the second quarter of 2013.

In 2003 the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights. This public commitment is the basis for the Group's Global Framework Agreement on Social Responsibility. The Agreement was signed by more than 90 labour unions around the world and applied by all Group subsidiaries in all host countries in 2006. It was renewed in 2010 to include a new objective related to environmental protection.

Behaviour governed by the Group's ethical standards

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

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

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

5.3.2. ENVIRONMENTAL STEWARDSHIP: BEGINNING IN THE PRODUCT AND SERVICE DESIGN PHASE

PSA Peugeot Citroën teams (including Faurecia's teams) are proficient in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing emissions of carbon and other pollutants, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility.

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

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

THE GROUP'S ORGANISATION FACTORS IN ENVIRONMENTAL ISSUES FROM THE DESIGN STAGE OF ITS PRODUCTS AND SERVICES G.20

Automotive Division (including PCA)

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

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

The Programmes Department continuously monitors implementation of the solutions chosen throughout the development of vehicle projects and measures their efficiency: usage of green materials, CO_2 emissions. A dedicated entity oversees the Group's end-of-life vehicle policy.

Banque PSA Finance

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

Faurecia

Depending on the engine type and driving cycle, decreasing the average vehicle's total mass by 100kg reduces CO_2 emissions by approximately 8-10g per kilometre driven. Since Faurecia's products can account for up to 20% of a vehicle's total weight, Faurecia plays a key role in making vehicles lighter and more fuel efficient, thereby reducing greenhouse gas emissions and reducing the consumption of raw materials for their manufacture. Through its Emissions Control Technologies business, Faurecia also makes a significant contribution to lowering emissions and reducing noise pollution.

In order to grow, and to make lighter and cleaner, Faurecia takes environmental factors into account at all stages in the product life cycle, from product design to product end-of-life.

Overall Research and Innovation performance is based on three strategic focuses: a system approach, optimising product and process design, and managing technological change.

- System approach: Faurecia develops and supplies systems and sub-systems such as seats, front-end modules, cockpits, exhaust streams, etc., that are frequently delivered as complete modules featuring Faurecia's own proprietary design.
- Product and process design: once a system has been identified and its use has been determined, product/process design may begin. Products and their technical and economic performance are optimised by harnessing the expertise of the design teams, creating standards and managing knowledge and the ability to simulate phenomena.

- Technological focus: this is based on a network of in-house expertise and the integration of companies with unique expertise, or on partnerships with universities and it enables Faurecia to achieve the best product/process system design fit and to optimise the components of the process.

Research and development (R&D) represents a strategic challenge for Faurecia: 5,500 engineers and technicians based at over 30 centres across the globe represent the Group's R&D community.

In addition to the Think Tank located in Holland (Michigan, US), 2012 was also marked by the extension of this concept to China (Shanghai) in a bid to gain a better understanding of the Chinese market and anticipate future demand. A similar strategy was deployed in Germany (Munich) in order to work more closely with premium high-tech automobile manufacturers.

The Group's innovative product and process creations and future customer applications are structured around two main divisions:

- the Research and Innovation Unit, which covers upstream activities prior to program acquisitions. This Unit is critical to enabling the Group to provide an appealing and competitive offering to its customers, which it achieves by designing new products and processes, proposing innovative solutions and developing generic products and processes;
- the Programme Engineering Unit, which covers customer-specific vehicle programmes. It is a downstream unit responsible for ensuring that programmes are completed within the set timeframes and in compliance with the required cost and quality levels.

Expertise is the cornerstone of Faurecia's competitiveness and is structured around 67 products and processes. The network of expertise comprises 300 experts involved in all product life cycle phases. They generally belong to skills centres organised into networks and they may be deployed to all geographic regions.

RESOURCES EARMARKED FOR ENVIRONMENTAL RISK AND POLLUTION PREVENTION G.22

Automotive Division

Data relating to the Automotive Division (including PCA) are presented in section 11 of the Registration Document

Faurecia

R&D accounted for €943 million of gross expenditure in 2012 (5.4% of sales). €110 million of this was spent on innovation over the same period. Technological development and innovation are key priorities for Faurecia. The Group strengthened its links with academia in 2012 by entering into strategic partnership agreements with Fraunhofer ICT in Germany and endowing industrial chairs (Supélec and ESIGELEC [mechatronics], Ecole Centrale de Paris and TUM Munich [assembly lines and logistics], TUM Dortmund [metallic materials and their transformation). Industrial chairs are medium-term bilateral agreements between industrial firms and academic institutions that focus on technological subjects or innovative processes. They bring professors together with doctoral, post-doctoral and/or masters students in a given speciality for an average period of around five years.

Faurecia has also deployed an ambitious in-house skills management policy with rigorous monitoring requirements. 300 experts are now skilled in the Group's 60 different areas of expertise. Skills sharing, wherever relevant, ensures optimal use of such expertise. The areas of expertise were reviewed in 2012 to keep pace with technological change and Faurecia's target product focuses for the future.

General Management's involvement in monitoring innovation plans via "Technology Leadership Seminars", "Technology Sessions" and participation in the Experts' Forum, shows that the Company is committed to technology and innovation, believing these to be key drivers of its success.

In 2012, the Group's continuous innovation work resulted in filing 460 new patents. Higher than in previous years, this number demonstrates Faurecia's commitment to innovation, despite heavy economic constraints.

It should also be noted that these patents pertain to products, materials, and manufacturing processes, demonstrating the efforts made by Faurecia to optimise the entire product value chain.

In 2012, R&D's commitment to innovation was embodied by:

- the inauguration of the Automotive Seating division electronic laboratory;
- the opening of the Limeira Development centre in Brazil for the Emissions Control entity;
- the opening of a new development centre in Pune (India) for the Automobile Seating, Interior and Exterior Systems divisions;
- the opening in 2013 of a research and development centre in Shanghai (China). It will eventually bring together 350 engineers and technicians from the Automobile Seating, Interior and Exterior Systems divisions.

5.3.2.1. COMBATING GLOBAL WARMING AND ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE G.22 G.32

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

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

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

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

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

5.3.2.1.1. CO_2 PERFORMANCE

HIGHLY FUEL-EFFICIENT VEHICLES LAUNCHED IN 2012

			g/km of CO_2
Peugeot	107	1,0	99
Peugeot	208	1.4 e-HDi 68	87
Peugeot	208	1.0 VTi 68	99
Peugeot	3008	Hybrid4	88
Peugeot	508	Hybrid4	88
Peugeot	508 RXH	Hybrid4	107
Citroën	C1	1.0i	99
Citroën	C3	1.0i	99
Citroën	C4	1.6 e-HDi	100
Citroën	DS5	Hybrid4	88

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

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

- optimising powertrains for petrol and diesel engines, including more widespread use of Stop&Start systems;
- improving the overall fuel efficiency of its vehicles, in particular by optimising vehicle architecture (aerodynamics and mass) and equipment (tyres, etc.);
- deploying hybrid technologies with different size engines and battery capacity to meet a wide range of types of use and budgets. Bi-modal and hybrid plug-in technologies will account for a significant portion of the market in the decade 2020-2030, both for passenger cars and light utility vehicles;
- developing electric vehicles for both fleets and individual customers, as cities install the necessary infrastructure and battery costs decline.

In Europe, after selling over 44% of vehicles with emissions of less than 120 g/km of CO_2 in 2012, the Group has continued its efforts to achieve the following targets for 2015:

- 65% of vehicles sold emitting less than 120 g/km of CO_2;
- 25% of vehicles sold emitting less than 100 g/km of CO_2.

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

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

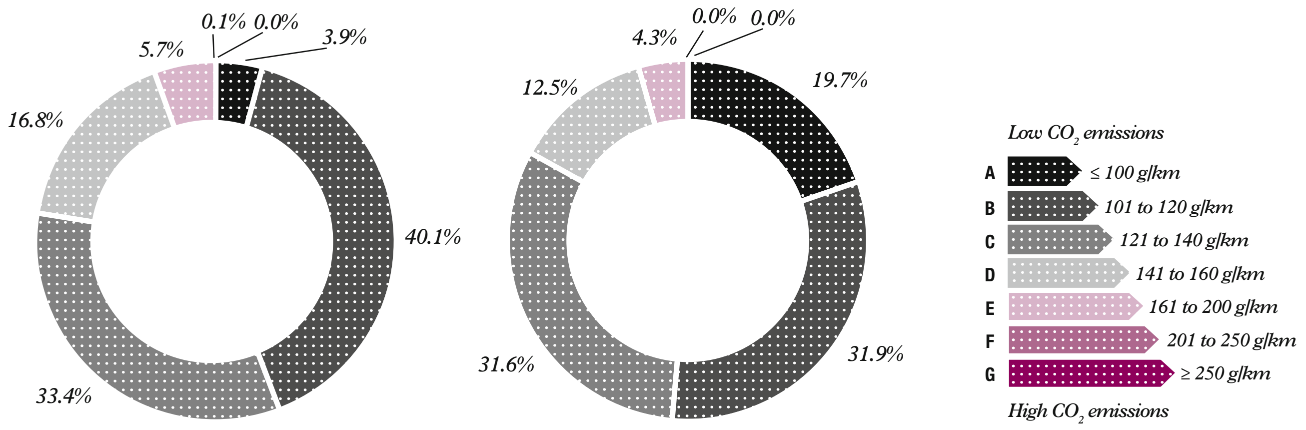
In China, where the regulatory environment will be as strict as Europe's in 2020, a comparable effort will be deployed, in particular by activating the same technical levers.

In Brazil, PSA Peugeot Citroën has confirmed its goal of reducing fuel consumption and carbon emissions by applying the same technological levers as in Europe. This will help to position the Group among the market leaders with highly fuel-efficient vehicles in the different segments. This ambition is compliant with the CAFE rules that come into force in 2017 and which became official policy in Brazil in September 2012.

Sales and market share by CO_2 emissions level

PSA Peugeot Citroën registrations by CO_2 emissions level

(Passenger car 2012 registrations in the 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)



In this chart, the CO_2 emissions bands (in g/km) correspond to the ratings on French energy efficiency labels.

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

- 20% of vehicles sold emitting less than 100 g/km of CO_2 against 3.9% in 2011.
- 39% of vehicles sold emitting less than 110 g/km of CO_2 against 29% in 2011 and 22% in 2010.
- 51.5% of vehicles sold emitting less than 120 g/km of CO_2 against 44% in 2011.
- 83% of vehicles sold emitting less than 140 g/km of CO_2 against 77% in 2011.

Average Group CO_2 emissions in 22-country Europe stood at 122.5 g/km in 2012, versus 127.9 g/km in 2011 and 132.0 g/km in 2010.

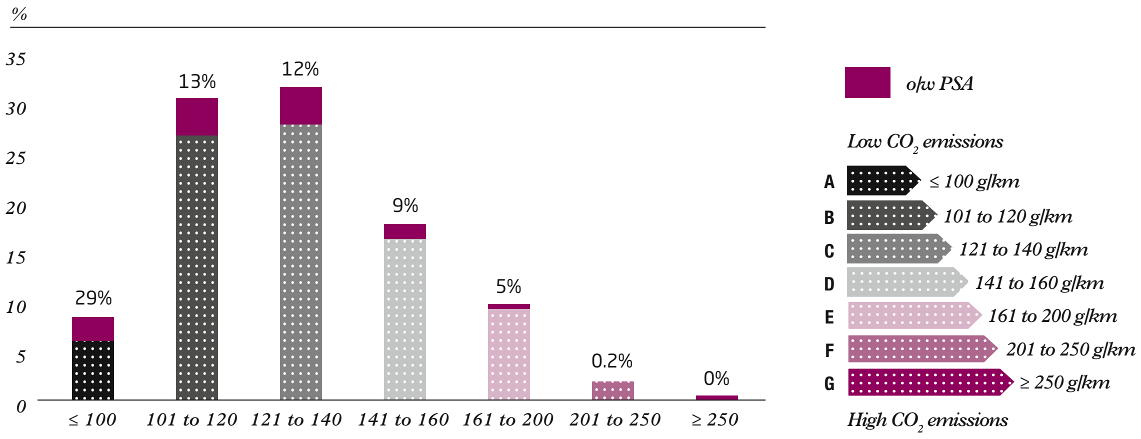
PSA Peugeot Citroën is positioned as leader in the 22-country Europe market, where average emissions were 132.8g/km of CO_2 in 2012.

In 14-country Europe (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom) the Group has achieved below market average emissions for more than ten years: 122.1 g/km of CO_2 in 2012 against a market average of 132.4 g/km of CO_2, 131.6 g/km of CO_2 in 2010 against a market average of 140.9 g/km of CO_2 and 140.1 g/km of CO_2 in 2008 against a market average of 153.9 g/km of CO_2.

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

(Passenger car 2012 registrations in the 22-country Europe, corresponding to the EU excluding Greece, Cyprus, Malta, Bulgaria and Romania)



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO_2 emissions in 2012 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2012, a total of 731,000 PSA Peugeot Citroën passenger cars emitting less than 120 g/km of CO_2 were registered in 22-country Europe. Moreover, the Group is the market leader both in the segment of vehicles emitting less than 100 CO_2 g/km, with a 28.7% share (279,000 PSA Peugeot Citroën passenger vehicles), and the less than 110 CO_2 g/km segment, with a 22.4% share (556,000 PSA Peugeot Citroën passenger vehicles). More than half the Group's new registered vehicles emit less than 120g/km of CO_2.

Fuel consumption and CO_2 emissions by vehicle G.31

Fuel consumption and CO_2 emissions by vehicle in 2012

The models below were selected on the basis of two criteria: best sales in 22-country Europe and environmental performance. For each one, the table shows data for the petrol, hybrid and diesel versions offering the lowest CO_2 emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in 22-country Europe.

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

PEUGEOT (EUROPE 22) 2012

Models		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm³	kW	City	Highway	Combined	*g/km*
Peugeot iOn		Electric	-	47	0	0	0	0
Peugeot 107	1.0 68 hp	Petrol	998	50	5.1	3.8	4.3	99
Peugeot 206+	1.1	Petrol	1,124	44	7.8	4.6	5.8	133
	1.4 75	Petrol	1,360	54	8.2	4.7	6.0	139
	1.4 HDi 70	Diesel	1,398	50	4.9	3.5	4.0	104
Peugeot 207	1.4 VTi 95	Petrol	1,397	70	7.6	4.8	5.8	135
	1.4 75	Petrol	1,360	54	8.6	4.9	6.3	145
	1.6 HDi	Diesel	1,560	66	4.6	3.3	3.8	98
	1.6 HDi 92	Diesel	1,560	68	5.2	3.5	4.2	110
Peugeot 208	1.0 VTi 68 ch	Petrol	999	50	5.2	3.7	4.3	99
	1.2 80 hp	Petrol	1,199	60	5.6	3.9	4.5	104
	1.6 e-HDi 68	Diesel	1,398	50	3.6	3.2	3.4	87
	1.6 e-HDi 70	Diesel	1,398	50	4.4	3.4	3.8	98
Peugeot 301	1.2 72 hp	Petrol	1,199	53	6.9	4.2	5.2	119
	1.6 115 hp	Petrol	1,587	85	8.8	5.3	6.5	151
	1.6 HDi 92	Diesel	1,560	68	4.8	3.7	4.1	108
Peugeot 308	1.4 VTi 98	Petrol	1,397	72	7.9	4.9	6.0	139
	1.6 VTi 120	Petrol	1,598	88	9.1	4.9	6.4	147
	1.6 e-HDi 112	Diesel	1,560	82	4.4	3.7	4.0	98
	1.6 HDi 112	Diesel	1,560	82	4.9	3.8	4.2	110
Peugeot 3008	1.6 VTi 120	Petrol	1,598	88	9.2	5.3	6.7	155
	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159
	1.6 e-HDi 112	Diesel	1,560	82	5.0	4.2	4.5	117
	1.6 HDi 112	Diesel	1,560	82	6.3	4.2	5.0	130
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.1	3.6	3.4	88
	HYbrid4	Diesel hybrid Electric	1,997	120/147	5.6	3.9	4.0	104
Peugeot 5008	1.6 VTi 120	Petrol	1,598	88	9.4	5.5	6.9	159
	1.6 e-HDi 112	Diesel	1,560	82	4.9	4.1	4.4	114
	1.6 HDi 112	Diesel	1,560	82	6.2	4.6	5.2	135
Peugeot 508	1.6 VTi 120	Petrol	1,598	88	9.0	4.7	6.2	144
	1.6 THP 156	Petrol	1,598	115	9.1	4.8	7.3	145
	2.0 e-HDi 140	Diesel	1,997	103	6.2	3.7	4.6	119
	2.0 HDi 140	Diesel	1,997	103	6.4	3.9	4.8	125
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.2	3.5	3.4	88
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.2	3.6	3.5	91
Peugeot 508RXH	HYbrid4	Diesel hybrid Electric	1,997	120/147	4.0	4.2	4.1	107
Peugeot 4008	1.6 HDi 115	Diesel	1,560	84	5.6	4.5	4.9	129
	1.8 HDi 150	Diesel	1,798	110	6.8	4.9	5.6	147
Peugeot 807	2.0 HDi 136	Diesel	1,997	100	7.4	5.0	5.9	155
Peugeot Bipper Tepee	1.4 75	Petrol	1,360	54	8.2	5.6	6.6	152
	1.3 HDi 75	Diesel	1,248	55	4.8	3.7	4.1	107

Models		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm³	kW	City	Highway	Combined	g/km
Peugeot Partner Tepee	1.6 VTi 98	Petrol	1,598	72	9.2	5.3	6.7	155
	1.6 VTi 120	Petrol	1,598	88	9.6	6.0	7.3	169
	1.6 e-HDi 92	Diesel	1,560	68	5.0	4.4	4.6	120
	1.6 HDi 92	Diesel	1,560	68	6.2	4.8	5.3	139
Peugeot Expert Tepee	2.0 HDi 128	Diesel	1,997	94	7.6	6.0	6.6	172
Peugeot RCZ	1.6 THP 156	Petrol	1,598	115	8.9	5.1	6.4	149
	2.0 HDi 163	Diesel	1,997	120	6.8	4.5	5.3	139

CITROËN (EUROPE 22) 2012

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm^3	kW	City	Highway	Combined	*g/km*
Citroën C-Zéro		Electric	-	47	0	0	0	0
Citroën C1	1.0i	Petrol	998	50	5.1	3.8	4.3	99
Citroën C3	VTi 68	Petrol	999	50	5.1	3.8	4.3	99
	1.1i	Petrol	1,124	44	7.9	4.9	5.9	137
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87
	HDi 68	Diesel	1,398	50	4.5	3.4	3.8	99
Citroën DS3	VTi 82	Petrol	1,199	60	5.5	3.9	4.5	104
	VTi 120	Petrol	1,598	88	7.9	4.8	5.9	136
	e-HDi 70	Diesel	1,398	50	3.6	3.2	3.4	87
	e-HDi 90	Diesel	1,560	68	4.4	3.3	3.7	98
Citroën C3 Picasso	VTi 95	Petrol	1,397	70	8.4	5.1	6.3	145
	e-HDi 90	Diesel	1,560	68	4.7	3.8	4.2	109
	e-HDi 90	Diesel	1,560	68	5.5	4.0	4.6	119
Citroën C-Elysée	1.2i	Petrol	1,199	53	6.9	4.2	5.2	119
	1.6i 115	Petrol	1,587	85	10.0	5.5	7.1	164
	HDi 90	Diesel	1,560	68	4.8	3.7	4.1	108
Citroën NemoCombi	1.4i	Petrol	1,360	54	8.2	5.6	6.6	152
	HDi 75	Diesel	1,248	55	4.9	3.6	4.1	107
	HDi 75	Diesel	1,248	55	5.0	3.8	4.2	112
Citroën Berlingo	VTi 95	Petrol	1,598	72	9.2	5.3	6.7	155
	VTi 95	Petrol	1,598	72	9.6	5.7	7.1	164
	e-HDi 90	Diesel	1,560	68	5.0	4.4	4.6	120
	HDi 90	Diesel	1,560	68	6.2	4.8	5.3	139
Citroën C4	VTi 95	Petrol	1,397	70	8.2	4.9	6.1	140
	VTi 120	Petrol	1,598	70	8.8	4.7	6.2	143
	e-HDi 110	Diesel	1,560	68	4.2	3.5	3.8	98
	HDi 110	Diesel	1,560	68	5.2	3.6	4.2	110
Citroën DS4	VTi 120	Petrol	1,598	88	8.3	5.0	6.2	144
	e-HDi 110	Diesel	1,560	82	4.6	4.0	4.2	110
	e-HDi 110	Diesel	1,560	82	5.4	4.0	4.5	118
Citroën C4 Picasso	THP 155 BVA	Petrol	1,598	115	8.8	5.4	6.7	155
	VTi 120	Petrol	1,598	88	9.3	5.4	6.9	159
	e-HDi 110	Diesel	1,560	82	5.0	4.4	4.6	120
	HDi 110	Diesel	1,560	82	6.1	4.5	5.1	132
Citroën C4 Aircross	1.6i BVM 4X2	Petrol	1,590	110	7.4	4.9	5.8	133
	HDi 115	Diesel	1,560	84	5.3	4.2	4.6	119
Citroën C5	VTi 120 BMP6	Petrol	1,598	88	8.3	5.0	6.2	144
	THP 155 BVA	Petrol	1,598	110	10.5	5.6	7.3	169
	e-HDi 115	Diesel	1,560	84	5.2	4.1	4.5	117
	HDi 110	Diesel	1,560	82	6.0	4.4	5.0	129

		Fuel	Displacement	Power	Fuel consumption (litres/100 km)			CO_2
			cm^3	kW	City	Highway	Combined	*g/km*
Citroën DS5	THP 200	Petrol	1,598	147	8.9	5.5	6.7	155
	e-HDi 110	Diesel	1,560	82	4.8	4.2	4.4	114
	HDi 160	Diesel	1,997	120	6.4	4.4	5.1	133
	HYbrid4	Diesel hybrid Electric	1,997	120/147	3.1	3.6	3.4	88
	HYbrid4	Diesel hybrid Electric	1,997	120/147	4.2	4.0	4.1	107
Citroën C6	V6 HDi 240 FAP	Diesel	2,992	176	10.0	5.8	7.3	190
Citroën C8	HDi 135	Diesel	1,997	88	7.4	5.0	5.9	155
Citroën C-Crosser	HDi 160	Diesel	2,179	115	8.6	5.6	6.7	175
	HDi 160 DCS	Diesel	2,179	115	8.8	5.8	6.9	180

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

5.3.2.1.2. INNOVATING TO COMBAT ENVIRONMENTAL RISKS G.22 G.29 G.32

Technological product innovations

Every year, the Group earmarks large sums for technological research and development that aims to improve the energy efficiency of the customer product and service offering.

PCA

Petrol and diesel engines

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

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

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

Reducing Diesel Engine Fuel Consumption and Exhaust Emissions

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

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

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

The Group installed new technologies in these engines to cut fuel consumption and CO_2 emissions by around 6%:

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

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

Combined with HYbrid4 technology – a world first – PSA Peugeot Citroën's 2.0-litre diesel engine has enabled the Peugeot 3008 HYbrid4 and 508 HYbrid4 and the Citroën DS5 HYbrid4 to achieve breakthrough performance: 88 g/km of CO_2 emissions for combined power (internal combustion and electric powertrains) of 200 hp. Launched in late 2012.

In a global market where internal combustion engines will still be predominant in 2020, PSA Peugeot Citroën is continuing to develop its HDi technology. At the same time it is more broadly deploying its e-HDi (Stop&Start) technology and beginning in 2013 will offer new engines that are more fuel efficient and aligned with the forthcoming Euro 6 standard. The Group's future utility vehicle ranges will integrate these new engines, thereby supporting efforts to improve the environmental performance of this type of vehicle. In 2012, 96.4% of utility vehicles in 18-country Europe were diesel-powered.

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

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

Reducing Petrol Engine Fuel Consumption and Exhaust Emissions

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

Since 2006, PSA Peugeot Citroën has been offering the 1.4-litre and 1.6-litre, four-cylinder petrol engines developed jointly with BMW, which deliver a 10 to 15% reduction in CO_2 emissions compared with their predecessors. By the end of 2012, 3,048,000 of these engines had already been produced. The engines have been voted Engine of the Year in their category five times.

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

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

This new family:

- reduces carbon emissions by up to 25% compared with the previous generation, making it possible to offer petrol-powered cars that emit less than 100 g/km of CO_2;
- covers a wide range of power – between 50 kW and 100 kW – depending on the version;
- is available in versions that meet the future Euro 6 standard from their launch.

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

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

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

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

PSA Peugeot Citroën is committed to completely overhauling its petrol engine ranges with the goal of:

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

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 power train (i.e., gear ratios, gear ratio change strategies, compatibility with Stop&Start), to take maximum advantage of improvements to engines, and operate under optimum conditions of fuel consumption, in the test cycle and in customer use (with the help of the recommended gear indicator for manual gearboxes).

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

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

Alternative fuels

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

Compressed Natural Gas (CNG)

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

Ethanol and flex-fuel vehicles

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

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

PSA Peugeot Citroën has also developed flex-fuel engines that can run on ethanol/petrol blends of up to 85% ethanol in Europe (E85) and from 20 to 100% ethanol in Brazil. While the development of E85 is still marginal in France and elsewhere in Europe, Brazil is the world's largest market for ethanol and flex-fuel vehicles.

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

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

Biodiesel

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

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

All of the Group's diesel vehicles can run on B10 (with up to 10% biodiesel) and B30, provided that the fuel is of high quality and the vehicle is maintained accordingly with high-quality oil, no oil maintenance and a specially serviced diesel fuel filter. This includes the vehicles equipped with the new e-HDi and HYbrid4 technologies.

The Group is participating in various research programmes in Europe, notably in France where it is a member of the Diester Partners association. PSA Peugeot Citroën and the Fédération Nationale des Syndicats d'Exploitants Agricoles (FNSEA), France's largest farmers' union, are committed to jointly developing ethanol and biodiesel-based biofuels in line with the objectives of the European Union Directive on renewable energies, which sets a target of sourcing at least 10% of land transport fuel from renewables by 2020.

In a partnership with the Ladetel laboratory in Brazil, the Group is operating a fleet of modern diesel vehicles that run on local fuels made from vegetable sources, to promote diesel engines for individual motoring.

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

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

Advanced Biofuels

Extending the use of biofuels, without detracting from their positive social and environmental impact, requires the development of so-called "advanced" biofuels, which can be made from biomass feedstocks, such as crop residue, non-food crops, organic waste or even microalgae. PSA Peugeot Citroën is contributing to this process by participating in research projects and real-world trials. One example is the ongoing Shamash project, which aims to produce a lipid biofuel from microalgae supplied by Alpha Biotech.

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

Deploying micro-hybrid, hybrid and electric vehicles

More than ever, the environmental challenges associated with automobile use are being met by technological solutions designed to drive powerful breakthroughs in fuel efficiency and CO_2 emissions. PSA Peugeot Citroën will introduce Stop&Start solutions, hybrids and zero-emission vehicles, consolidating its position in the European low-carbon vehicle segment and extending its expertise to other markets.

Stop&Start and e-HDI Technologies

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

First-generation Stop&Start technology was introduced on the Citroën C2 and C3 in 2004. The second generation, known as e-HDi, delivers superior driveability, faster restart and other premium features. Fitted on an HDi diesel engine, the new reversible starter-alternator is more efficient and improves power management. Introduced in the second half of 2010 on the Citroën C5, the technology was deployed throughout 2012 and will continue to be deployed in 2012-2013. Deployment of these technologies will continue in 2013. The objective is to sell a total of one million vehicles equipped with both Stop&Start technology and e-HDi by the end of 2013.

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

Hybrids

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

The first diesel hybrids on the market, the Peugeot 3008 HYbrid4, 508 RXH and 508 Hybrid4 and the Citroën DS5 HYbrid4 have been equipped with this technology since early 2012.

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

Plug-In Hybrids

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

Through its subsidised research project, the HYDOLE – mostly electric hybrid – builds on the success of HYbrid4 and adds a Li-Ion battery developed by PSA Peugeot Citroën as well as a more powerful electric motor. With a range of 60 km under electric power, HYDOLE demonstrators can handle most daily trips noiselessly and emission free. In hybrid mode, they also meet the need for longer range travel. HYDOLE combines a small internal combustion engine with a 50 kW electric motor and a battery that allows a 60 km range without recharging. It prioritises electrical power, which is emission-free and silent, as long as the battery has charge. The internal combustion engine only kicks in if the vehicle needs to draw more than 50 kW. Once the battery is empty, the vehicle becomes a classic full hybrid. There are plans for a "ZEV" (Zero Emission Vehicle) button. When pressed, HYDOLE would behave completely like a full-electric vehicle, switching to tortoise mode when the battery is low. Unlike an electric vehicle, however, when the battery is empty the driver need only switch out of "ZEV" mode to turn it back into a full hybrid. It is even possible to save the electrical charge for later by programming in a reserve of 5 to 50 km.

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

Over the longer term, the Group is studying possible applications of technologies that can significantly reduce CO_2 emissions, such as the development of very affordable hybrid solutions to make low-emission cars available to the great majority of customers.

Electric Vehicles

2011 saw the market launch of the Peugeot iOn and Citroën C-Zéro, developed in conjunction with Mitsubishi Motors Corporation. In all, the Group sold 6,700 electric vehicles in Europe during 2012, including 6,123 in the Europe 18 countries, making it the market leader with a share of over 34%.

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

Fuel Cell Vehicles

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

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

At the moment, fuel cells can be used as a range extender, with the 20 kW module, or for propulsion, with several 80 kW stacks.

However, fuel cell vehicles do not yet have the technical and economic maturity needed to support mass-market production. As a result, process engineering and mass marketing would not seem foreseeable until 2025.

Although considerable progress has been made, hydrogen fuel cell technology has yet to overcome a number of obstacles, including the cost of the fuel cell system, the lack of infrastructure for mass market distribution of hydrogen, the well-to-wheel energy and CO_2 footprint, the fuel cell's lifespan, and the size, mass and cost of the hydrogen storage system.

Optimising vehicle architecture and equipment

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

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

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

In 2012, the Group deployed vehicles that were very well positioned in terms of carbon emissions in each segment of the European market. The strategy of extending and strengthening these levers has also been planned for the medium and long term, combined with "breakthrough" technological innovations, in all regions.

In January 2013, the Group unveiled the "Efficient Modular Platform 2" (EMP2), the Group's new, global platform that uses high-performance, next-generation technology for improved modularity and equipment efficiency, and lower CO_2 emissions (by reducing mass).

Equipment

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

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

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

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

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

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

Vehicle Mass and Aerodynamics

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

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

At the same time as the Group is optimising its vehicle architecture, it is also focusing on the choice of materials (high-strength steels, aluminium, composites, plastics) and assembly techniques. In 2012, metals accounted for about 70% of the vehicle's total weight. High-tensile steel is preferred because of its superior rigidity. Whenever technically feasible and cost effective, mass is being reduced by choosing lower density materials, such as the aluminium, composite materials and thermoplastics used instead of steel. Innovative assembly techniques provide further gains. For example, hot stamping and laser welding help lighten the car body, while improving shock resistance.

A vehicle's drag (SCx) also has a direct influence on its greenhouse gas emissions: improving SCx by 5 dm2 reduces CO_2 emissions by 2 g/km.

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

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

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

Faurecia is developing eco-friendly technologies by focusing on four areas:

- weight reduction: Faurecia has gradually developed products that reduce weight by 20% to 30%. corresponding to gains of approximately 60 kg for every 200 kg of Faurecia products. For example, the systems approach developed for acoustics products has given rise to the Low Weight Concept (LWC) which reduces the acoustic features of the Peugeot 208 by 14 kg at a given level of performance;
- size reduction: reducing product size maximises passenger room and/or helps reduce vehicle size which translates either directly or indirectly into lower mass;

- energy recovery: Faurecia develops technologies for recycling the thermal energy available in exhaust systems, either directly to heat the vehicle's interior or to heat up the engine faster, or indirectly by transforming the thermal energy into electricity to power accessories. The products developed and applied to traditional or hybrid vehicles can achieve emissions reductions of between 2 g to 8 g/km of CO_2 in the European cycle for direct uses, and between 4 g to 15 g/km of CO_2 for indirect uses.

5.3.2.1.3. USING INNOVATIVE INSURANCE AND FINANCING PRACTICES TO REDUCE ENVIRONMENTAL RISKS

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

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

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

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

5.3.2.2. PRESERVING AIR QUALITY G.22 G.24 G.41

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

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

The particulate filter screens out all fine and ultrafine particles very effectively (more than 99.9% by particle number, more than 99% by mass).

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

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

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

The technology for the particulate filter with additive developed by PSA Peugeot Citroën reduces the fraction of NO_2 in the NOx, unlike the catalytic filters used by the competition.

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

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

A diesel engine emits fewer particles than the cleanest petrol engine.

USING TECHNOLOGICAL PRODUCT INNOVATIONS TO REDUCE THE RISKS OF AIR POLLUTION OR DISCHARGES

Reducing vehicle exhaust emissions

Meeting European Emissions Standards with a Focus on the Last Three Stages: Euro 4, Euro 5 and Euro 6

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

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

EXHAUST EMISSIONS AT 20° C

	Petrol vehicle* – CNG – LPG (g/km)			Diesel vehicle (g/km)		
	Euro 4	Euro 5	Euro 6	Euro 4	Euro 5	Euro 6
CO	1.00	1.00	1.00	0.50	0.50	0.50
Non-methane HC	-	0,068	0,068	-	-	-
THC	0.10	0.10	0.10		-	-
NO_x	0.08	0.06	0.06	0.25	0.18	0.08
THC+NO_x	-			0.30	0.23	0.17
Particle emissions (mass)	-	0,005/0,0045**	0,0045**	0,025	0,005/0,0045**	0,0045**
Particle emissions (number)	-	-	$6x10^{12}$part/km (1) $6x10^{11}$part/km (2)	-	$6x10^{11}$part/km (3)	$6x10^{11}$part/km
Durability (km)	100,000	160,000	160,000	100,000	160,000	160,000

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

** *On the application dates – 1 September 2011 for new vehicle types and 1 January 2013 for all types – a changeover to a more precise measurement procedure will reduce the maximum admissible level to 0,0045 from 0,005 g/km. On the same dates, particle number (PN) emission limits will also be introduced, initially for diesels.*

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

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

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

EVAPORATION EMISSIONS

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

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

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

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

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

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

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

Eliminating Particulate Emissions with the Particulate Filter

The Diesel Particulate Filter (DPF) is an after-treatment system that eliminates close to 100% of even the smallest particulate matter in exhaust gases. It has further enhanced the environmental performance of diesel engines and is playing an important role in improving the quality of air in urban environments. Launched by PSA Peugeot Citroën in 2000 in a world first for the Group, the FAP particulate filter has set the new standard for European diesels. In its Euro 5 standards, the European Commission backed by its member states stipulated that all diesel vehicles must be equipped with particulate filters. DPF-equipped Peugeot and Citroën models already more than meet particulate emissions standards defined in the Euro 5 and Euro 6 stages.

A pioneer in this field, the Group had sold a total of 6.5 million DPF-equipped diesel vehicles by the end of 2012. The particulate filter screens out all fine and ultrafine particles very effectively (more than 99.9% by particle number, more than 99% by mass).

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

With the advent of the Euro 5 stage, the DPF with additive technology has been extended to all Peugeot and Citroën diesel models, including the Peugeot 207, 308, 3008, 5008, 407, 508, 807, 4007, 4008, RCZ, Partner, Expert, Boxer and Bipper and the Citroën DS3, C3, C4, C4 Picasso, C5, C6, C8, C-Crosser, Berlingo, Jumpy (Dispatch), Jumper (Relay) and Nemo.

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

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

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

Reducing NO_x Emissions with Selective Catalytic Reduction (SCR)

To prepare for Euro 6 standards, PSA Peugeot Citroën has decided to deploy Selective Catalytic Reduction (SCR) technology across the model line-up, identified by the "Blue Hdi" label.

This new after-treatment technology, which substantially reduces nitrogen oxide (NO_x) emissions, is based on abating NO_x production by injecting urea into the exhaust stream before it enters a special catalyst chamber.

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

Faurecia

Faurecia has developed a range of emissions control technologies that cut emissions of nitrous oxides and particles for all types of diesel engines (private and commercial vehicles) based on two principles:

- low-pressure exhaust gas recirculation (after turbo boosting). Waste gases are reinjected via cylinders to lower the combustion temperature. This is known as Low-Pressure Exhaust Gas Recirculation (LP-EGR) and requires the exhaust line to be fitted with an electric valve. Faurecia has developed its own valve in order to meet increasing market demand;
- Selective Catalytic Reduction (SCR) is a system that treats exhaust gases directly using an external tank containing a liquid or gas catalyser known as AdBlue®. Faurecia is also continuing to develop its own system for cutting emissions of nitrous oxides. The ASDS (Ammonia Storage and Delivery System) process stores ammonia in a compact gaseous form, allowing for improved performance over a traditional liquid-form storage system.

Faurecia is also developping a system that incorporates an oxidation catalyst, a gas mixer with a liquid or gas catalyst (BlueBox), and particulate filters. It moves all of these components closer to the engine leading to more efficient treatment of exhaust gases and superior size and weight ratios.

EGR and SCR technologies are increasingly being used for private and utility vehicles (less than 5 tonnes) in Europe and North America. The most stringent regulations make particulate filters and SCR or EGR systems mandatory for commercial vehicles. In addition, some applications require innovations such as the Thermal Regenerator™. These NO_x treatment technologies have already been incorporated into Faurecia's product offering, and are already included in several models that are looking ahead to the Euro 6 standard.

5.3.2.3. PROMOTING SUSTAINABLE RESOURCE USE AND RECYCLING

5.3.2.3.1. CONSUMPTION AND RECYCLING OF RAW MATERIALS AND MEASURES FOR IMPROVING RESOURCE-USE EFFICIENCY G.28

Automotive Division

Use of materials

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

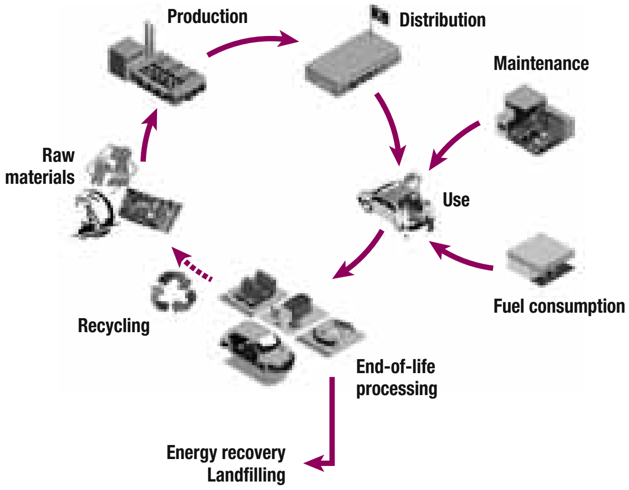
Eco-design and life cycle analysis

Beginning in the design phase, PSA Peugeot Citroën teams strive to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing carbon and other pollutant emissions, using natural resources reasonably and enhancing recyclability. In addition to ensuring that its vehicles comply with local environmental legislation, eco-design also guarantees that the Group will stay ahead of the competition in terms of sustainable mobility and new materials.

Life cycle stage	Major challenges
Product definition	• Define new automobile products and services taking into account the mobility needs of consumers around the world, local legislation and people's expectations with regard to the environment, safety, etc.
Design and engineering	• Design vehicles at an acceptable cost and attenuate their impact: - On the environment, by reducing their CO_2 and other local emissions, using resources responsibly and improving their recyclability; - on society, by improving their safety performance, reducing noise pollution, easing traffic congestion, etc.
Production	• Reduce the environmental impact of automobile manufacturing. • Ensure workplace safety. • Participate in the economic and social life of local communities.
Transport and sale	• Integrate environmental concerns into supply chain and dealership network management. • Responsibly inform customers in its advertising and labelling, and ensure a satisfying ownership experience with effective sales and customer service processes.
Use	• Help to attenuate the impact of using an automobile by promoting safer, more environmentally responsible driving practices, improving vehicle fuel efficiency and developing ever-more effective exhaust emissions control systems.
End of life	• Facilitate the collection and processing of end-of-life vehicles and components by specialised providers and optimise their recyclability (decontamination, recycling and resource recovery services).

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

Simplified diagram of a vehicle life cycle



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

PSA Peugeot Citroën tracks the following indicators, among others:

- climate change or the impact of CO_2 and other greenhouse gas emissions;
- acidification of the air, caused in part by sulphur emissions;
- eutrophication of water, caused by emissions of nitrous compounds;
- creation of photochemical ozone;
- depletion of primary resources;
- primary energy consumption;
- total CO_2 emissions;
- total carbon emissions;
- total NOx emissions;
- flows of non-recycled waste to landfill sites.

The results of life cycle analyses help to:

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

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

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

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

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

An Assertive Commitment To Using “Green Materials”

PSA Peugeot Citroën is focusing much of its research on polymers (non-metallic and non-mineral materials), which account for 20% of a vehicle's total mass. Most of the other materials, such as metals and fluids, are already recyclable and extensively recycled. The steel used already contains a large amount of steel from recycled sources.

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

Since 2008, the Group has deployed an ambitious plan which has increased the proportion of green materials, by weight, in the 208's total polymers (excluding tyres) to 25% in 2012, from an average 6% in 2007.

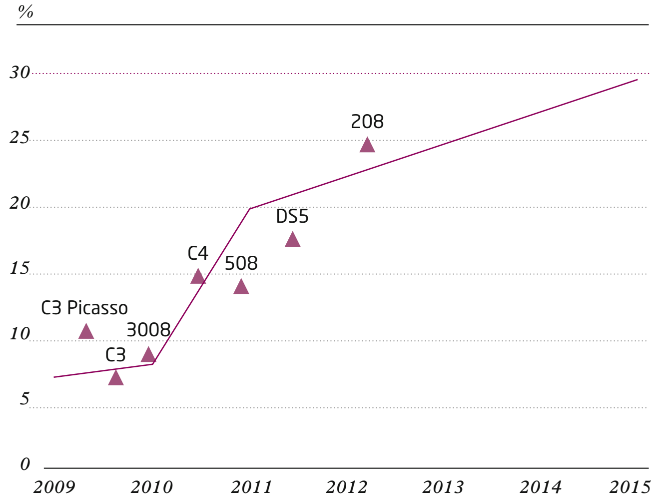
The wider application of green materials requires the development of robust supply chains and more research on new materials. To meet its targets, the Group is actively selecting and certifying materials that offer the best cost/technical trade-offs, to create a portfolio of solutions for future vehicle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

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

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

Using Green Materials in Vehicles

Each vehicle project has a contractual objective for the use of green materials, in line with the growth curve defined by the Group.



Progress towards fulfilling the green materials plan may be seen in the latest Peugeot and Citroën cars brought to market:

- on the **Citroën C3 Picasso**, green materials make up around **11%** of the car's 170 kg of polymers (excluding tyres). Examples include natural fibres, used to make the rear parcel shelves, boot carpeting and door insets, and recycled automotive plastics, used as raw material for mudguards;
- on the **new Citroën C4**, green materials represent **15% of the car's 200 kg of polymers** (excluding tyres). The green component comprises 40% natural materials and 60% recycled materials. They are found in around thirty parts or sub-assemblies, such as the rear bumper, soundproofing, boot carpets, seats and air filters;
- the 230 kg of polymers used in the **Peugeot 508** (excluding tyres) include **14.3% green materials**. As with the Citroën C4, the green component comprises 40% natural materials and 60% recycled materials.

  They are present in nearly 30 components.

  Examples include:
  - the rear bumper impact absorption unit, composed entirely of recycled materials,
  - the engine protection shielding, which includes fibreglass felt made from shredded used glass,
  - the seat shells, which are made with recycled materials,
  - the rear parcel shelf, which is made of natural materials (pressed wood) and recycled fibre;
- the **270 kg** of polymers used in the **Citroën DS5** (excluding tyres) include **19% green materials**. The green component comprises 30% natural materials and 70% recycled materials.

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

  In a world first, the rear bumper is made entirely of recycled material. According to a life cycle analysis currently being conducted in the Group, a bumper made entirely of recycled polypropylene reduces fuel consumption by 1,600 tonnes (for production in Europe in one year). While the use of recycled polyamid in the cooling fan system reduces CO_2 emissions by approximately 30%, compared with the same components made with new polyamid.

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

Faurecia

Eco-design and life cycle analysis

Faurecia is increasingly using life cycle analyses at various levels to steer its strategic decisions and those of automakers. These analyses are carried out on its products, on the entire vehicle, from the extraction of materials to delivery to automakers, and on the entire life cycle of the car (including customer use and recycling).

Framed by international standards ISO 14040 and ISO 14044, this methodology consists of assessing the environmental impact of products designed and manufactured by Faurecia for use in automobiles. It involves the fullest possible impact assessment, including climate change (including CO_2), the consumption of non-renewable resources (oil and coal) and eutrophication.

These life cycle analyses allow both Faurecia and automakers to:

- make the right design choices for current vehicles (with gasoline or diesel internal combustion engines) and for those of the future using alternative fuels and with more environmentally-friendly emission control systems;
- assess and avoid impact transfer by focusing on alternative solutions (e.g. by developing a lighter but non-recyclable product).

This is an especially useful innovation tool for evaluating benefits as well as any impact transfers as far upstream as possible through a comprehensive overview of the environmental impacts that paves the way for future innovations.

It also provides a more in-depth understanding of the environmental choices of an entire industry. Faurecia is therefore heavily committed to developing and using life cycle analyses in liaison with automakers and auto sector partners as the means of gaining a shared understanding of environmental challenges.

Whether in the short term with conventional engine power or in the medium term with the growth of hybrid engines and the emergence of "electric" engines, Faurecia's customers are keenly looking for groundbreaking solutions. This is the only way in which they can reduce their energy consumption and environmental footprint while at the same time ensuring autonomy, comfort, safety and driving pleasure.

Moreover, in an increasingly competitive environment, automakers must meet increasingly diverse local and global demand, while complying with existing regulations and anticipating future changes to the regulatory framework.

However, while the reduction in weight and the ensuing reduction of CO_2 emissions have a direct impact on the structure of automakers' offers, product line-ups themselves are gradually gaining in visibility, especially for Tier 1 equipment manufacturers.

The broad scope of its customer portfolio allows Faurecia to achieve a better overview of the market and a better understanding of customer expectations, resulting in a more appropriate structuring of its offers.

In 2012, anticipation of future regulation and customer demand continued to format Faurecia's innovation plan portfolio and its research and development budget in conjunction with specific requests from automakers to integrate "green" materials (renewable or recycled) and to provide for the recovery of vehicle materials.

For most of the parts that Faurecia produces and for most vehicles currently on the market, reducing mass is a clear priority and life cycle analyses help to quantify and validate such objectives. However, in certain cases, making vehicles lighter may not be the best solution.

Use of sustainable materials

Faurecia develops and incorporates bio-based materials and this is also an effective way of taking up positions that span the entire product life cycle. There were a number of significant developments in 2012. In addition to the Lignolight technology, natural fibres are also one of Faurecia's key focuses and help to provide diverse types of solutions. For example, NAFI (NAtural Fibre Injection) technology combining hemp natural fibres and a polypropylene resin can be 25% lighter than polypropylene made from fibre glass. Faurecia's portfolio also includes natural fibres combined with polypropylene fibres (NF-PP). The final stage consist of generating 100% natural materials for semi-structural applications and this is the aim of the partnership with Mitsubishi Chemicals launched in 2012 in order to produce polybutylene succinate (PBS), a resin similar to polypropylene. It will be prepared from succinic acid provided by BioAmber as part of a partnership for producing natural materials that has already existed for a number of years and an injection moulding process will be used.

5.3.2.3.2. REDUCING HAZARDOUS SUBSTANCES G.24 G.41

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

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

- the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium) that are regulated by Directive 2000/53/EC on end-of-life vehicles. In 2002, PSA Peugeot Citroën first asked suppliers to provide a compliance certificate for each part delivered. Since 2004, this information has been collected from suppliers using the material composition system information reporting form;
- compliance with the REACH regulation. As the final link in the production chain, PSA Peugeot Citroën has set up an organisation and a communication system to monitor its partners and suppliers and ensure that they comply with the REACH regulation. To ensure compliance, the Group uses the automotive industry guidelines on REACH (http://www.acea.be/news/news_detail/reach_guideline/), which it helped to draft as a member of the European Automobile Manufacturers' Association (ACEA). PSA Peugeot Citroën has set a goal of limiting as much as possible the use of substances on the REACH candidate list and anticipating the prohibitions in Appendix XIV by working as far upstream as it can in the new material research and innovation phase.

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

5.3.2.3.3. MEASURES TO PREVENT WASTE AND THE RECYCLING OF END-OF-LIFE PRODUCTS G.25

Recycling and recovering end-of-life vehicles

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

- **using easily recyclable materials;**
- **reducing the variety of plastics in a car,** to facilitate sorting after shredding, optimise the related recovery processes and ensure their profitability;
- **using a single family of plastics per major function**, so that an entire sub-assembly can be recycled without prior dismantling;
- **marking plastic parts with standardised codes**, to ensure identification, sorting and traceability;
- **introducing green materials**, especially recycled materials, into vehicle design to support the emergence or development of new markets for certain materials;

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

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

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

Directive 2000/53/EC on end-of-life vehicles spells out three types of recovery: reuse, recycling of materials and energy recovery. Since 1 January 2006, 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.

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

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

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

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

These partners work with networks of certified demolition companies (500 at year-end 2012) that collect end-of-life vehicles, deregister and decontaminate them and then dismantle them to resell parts for reuse.

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

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

- PSA performance in 2011 = 88.9% of which 82% reused or recycled.
- National average in 2011 = 81.9% of which 79% reused or recycled (ADEME figures).

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

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

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

1. the on-going integration of green materials in new vehicle design programmes;
2. identifying industrial partners that can help it meet its objectives: complying with regulations and with ELV pick-up and incentivising payment schedules in dealership networks, achieving a 95% end-of-life vehicle recycling overall recovery rate for ELVs, and investing in R&D projects to find new outlets for recycling channels.

These encouraging results confirm the Group has made the right strategic choices and this model may now be extended to the major countries in Europe.

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

Faurecia

Recyclability

European Directive 2000/53/CE of 18 September 2000 on end-of-life vehicles stipulates inter alia that vehicles will have to be 95% recoverable by weight, of which 85% will have to be actually reusable or recyclable, by 1 January 2015. Given such onerous regulatory requirements, carmakers are placing ever-greater demands on their suppliers in terms of end-of-life product recycling.

All of Faurecia's businesses are concerned by these imperatives and each have come up with projects or solutions for ensuring that recycling will be as effective as possible in the future based on the specific features of the components produced.

As regards current solutions, an innovative product must be measurable both in terms of improved technical and economic performance and its carbon footprint. Faurecia is committed to a process of forecasting and recovering future end-of-life products. Selective trials overseen by Faurecia comprise the first phase of a comprehensive approach by the automotive industry in partnership with industrial firms, academia and auto "clusters", to forecasting volumes of materials available for recycling in the future.

As part of its efforts to make vehicles lighter, the Automotive Seating division uses life cycle analysis solutions to evaluate the impact of the potential recyclability of new materials, new products or multi-material concepts which are set to become increasingly widespread.

Collaborative research such as that undertaken in 2012 as part of the Programme d'Investissement d'Avenir research programme focuses in particular on such cases and on generic "multi-modal" solutions.

After conducting recycling and recovery trials around the dismantling of complex products, the Interior Systems division has conducted similar operations after vehicle shredding. Industry recyclability studies and trials have been conducted with vehicle shredding companies on both existing products and materials in the development phase, including agro-composites.

The aim of the results expected from these studies is to define the most appropriate technical and economic models for Faurecia. All possibilities for recycling end-of-life products are studied with a view to integrating the best solutions, ensuring reduced environmental impact and taking into account all utilization cycles at the design stage. Faurecia also uses life-cycle analyses to "eco-design" its products, integrating all of the above criteria as early as possible into the innovation and development processes.

Recycling

Faurecia offers an increasing number of recycled plastic parts.

In the Automotive Seating business, depending on the type and category of vehicle, various components are now partly made of recycled polypropylene. Taking all these components together, recycled plastics can now account for 15-20% of the materials comprising the seats manufactured by Faurecia.

In the Interior Systems division, recycled material is factored into and validated during the new product development phase and subject to the same constraints and specifications as non-recycled materials.

In addition, Faurecia maximises the incorporation of recycled natural fibres (mainly cotton) in its vehicle soundproofing systems.

In July 2012, the Automotive Exteriors business completed the Boreve project, which began in 2008. It has culminated in a perfectly adapted procedure for reprocessing materials and equipment derived from end-of-life vehicles. The technical performances achieved as well as the aesthetic appeal now make it possible to incorporate a proportion of recycled material that is in line with the requirements of bumper surfaces, one of the parts that is key to the whole project.

Life-cycle analyses show that the use of recycled materials can reduce the environmental impact of manufactured products. Faurecia, like its automaker customers, has considerably extended its panel of suppliers of recycled materials with a view to integrating recycled parts into increasingly technical applications with broader grades of materials.

5.3.2.4. DEVELOPING MOBILITY AND ONBOARD INTELLIGENCE G.32

5.3.2.4.1. MOBILITY OFFERING

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

Mu by Peugeot

Mu by Peugeot is a new generation service allowing people to rent mobility, introduced in 2010. This innovative offering allows anyone to access an array of mobility services online or via a smartphone app. They can rent the right Peugeot product or accessory to suit their immediate mobility needs, be it a bicycle, scooter, car, light utility vehicle, replacement car or scooter, GPS device or a roof box. The offer also covers hire of an electric bicycle, the Peugeot e-vivacity electric scooter and a Peugeot iOn or Hybrid.

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

The service has already received several innovation awards in Germany, Belgium, Spain and the United Kingdom.

Peugeot for companies

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

- **Mobility audits**

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

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

  Eco-consulting means analysing a company's carbon footprint by assessing the CO_2 emissions of its vehicle fleet;
- **Eco-driving training**

  This is on-road training on driving behaviour, with data from vehicles fed through to an online platform for analysis. By improving behaviour behind the wheel, this training helps reduce the environmental impact of vehicle journeys, lowering CO_2 emissions and fuel consumption, as well as improving road safety;
- **Peugeot Connect Fleet**

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

Citroën Multicity

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

- **a dedicated** Citroën Multicity trip planner **website**. The itinerary engine researches and compares all possible travel solutions based on the criteria input. The resulting door-to-door multi-modal itineraries offer customised responses showing cost, time and CO_2 emissions for each proposed trip. All modes of transport are considered, whether individual (cars, taxis, etc.) or collective (buses, trams, subways, planes, etc.). CITROËN Multiplicity offers customers a range of itineraries, all modes of transport, all timetables, all prices and a direct transport reservation service from a single site;
- **a service for reserving** plane tickets, car hire in some cities, hotel rooms and foreign travel online or over the phone. With its exclusive Call Car option, Citroën delivers a rental car in less than three hours to the location of the customer's choice, for one hour or for several days;
- **innovative services to meet new mobility patterns:**
  - peer-to-peer carsharing, introduced in June 2012, whereby a car owner lends his vehicle to another person for a short period of time. This lets the owner earn extra money from his car and provides the the renter with a car when he needs one,
  - carpooling, which lets people save money, reduce CO_2 emissions and have company for long commutes,
  - Citroën Multicity Auto-partage Berlin, an EV carsharing service introduced in Germany's capital on 30 September 2012. This service uses Citroën's C-Zéro electric vehicles, and offers maximum flexibility since the cars do not have to be reserved ahead of time and can be used for one-way trips;
- **a new mode of auto access:** an innovative special offer where users can have a long 23-month lease on a C-Zero electric vehicle and hire it out to others through the CITROËN Multiplicity scheme, creating a hybrid combination of a private and public transport vehicle. Through this scheme, more than 1,000 people have become ambassadors for the electric vehicle.
- **a new relationship with customers:** a specific website for CITROËN Multiplicity: (www.multicity.Citroën.fr) a specific website for CITROËN owners that features an array of dedicated products and services to help them use their cars more effectively. They can for example, download GPS maps for an onboard navigation system, subscribe to a services contract or download information on road hazards.

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

BFP Packages

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

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

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

5.3.2.4.2. ONBOARD INTELLIGENCE

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

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

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

Peugeot Connect

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

- Peugeot Connect SOS, for location-aware emergency calls;
- Peugeot Connect Assistance, for location-aware repair assistance;
- Peugeot Connect Fleet, for easier fleet management. This service provides remote access to all the data needed to support fleet use and maintenance, including odometre readings, the number of kilometres before next inspection and diagnostics for mechanical components such as the gearbox and emissions control system. Fleet managers are alerted in real time by e-mail if the system detects safety issues such as low oil, worn brake pads or under-inflated tyres. By promoting regular maintenance, the networked service also helps reduce the fleet's environmental impact.

Peugeot Connect Fleet also tracks fuel consumption and CO_2 emissions.

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

Citroën eTouch

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

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

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

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

5.3.3. SITE OPERATIONS AND THE ENVIRONMENT

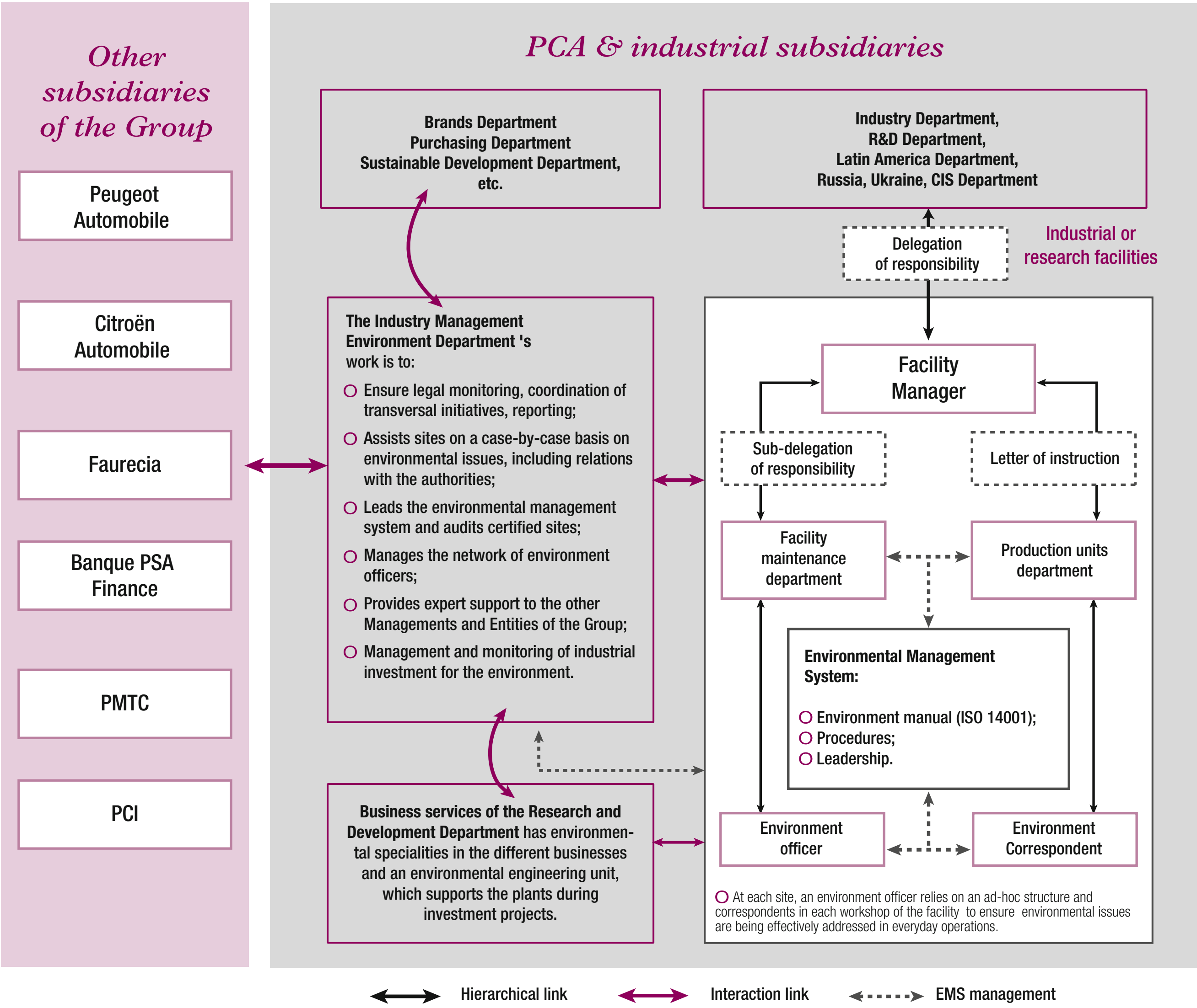
5.3.3.1. A SOLID, TESTED ORGANISATION TO DEAL WITH ENVIRONMENTAL ISSUES IN PROCESSES G.20

For many years, the Group has been engaged in assertive environmental stewardship at its production and research and development in a commitment to ensuring that their operations comply not only with local regulations but also safeguard the neighbouring environment and the quality of life of host communities while allowing for a continuous improvement process.

The manufacturing strategy integrates environmental protection as part of a continuous improvement process, based on a disciplined organisation, a method structured around ISO 14001 certification, the allocation of substantial funding and an effective reporting system known as the Industrial Environment Observatory, whose database has contained measurements of each facility's environmental performance since 1989. This process efficiently manages the most significant environmental aspects of the Group's operations.

Within the Industrial Division, a dedicated Industrial Environment Department leads and coordinates the entire environmental approach of the sites, and manages the Industrial Environment Observatory application as well as the annual investment budget. At each plant, an environmental compliance officer is backed by a team dedicated to environmental issues and correspondents appointed in each workshop and facility. Finally, the Research and Development Department also has environmental specialists who provide technical support for the plants, particularly during capital projects. In all, some 500 people are directly involved in managing the Group's industrial environment.

Regarding reporting aspects, the Group has been collecting environmental data from its industrial sites on the international scope since 1995. Today, this solid and tested practice makes it possible to evaluate the long-term progress made in addition to the short-term analyses.



THE COMMERCIAL DEALERSHIP NETWORKS OF PEUGEOT AND CITROËN

The brands Peugeot and Citroën are simultaneously distributed by points of sale owned by the Group and led by Peugeot Citroën Retail (PCR) as well as independent dealers.

Within the Peugeot Citroën Retail Department, a dedicated environment cell manages the environmental progress approach at the points of sale that belong to the Group. A close collaboration with the Environmental Department of the Industrial Division makes it possible to bring in expertise in the networks and coordinate the actions of the environmental correspondents from the branches or regions on various environmental topics (monitoring regulatory compliance, managing on-site analyses and investigations, and even depollution measures, if necessary).

The environmental correspondents appointed in each subsidiary of the brands manage the environmental processes in the dealer network Their task is to activate and deploy the centrally defined environmental processes and to monitor the specific regulatory changes of each country.

In the dealership networks owned by Peugeot Citroën Retail, the management evaluates and leads the local environmental and corporate approaches in France. The main topics are: environmental laws, fire safety and accessibility to persons with reduced mobility.

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

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

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

Peugeot Wanact and Greenpact serve as global benchmarks that:

- present the Group's recommendations, (especially the principles of "lean management" applied especially to energy savings);
- reflect a resolve to deploy best practices.

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

Since 2011, the Group has embarked on an approach that is deployed today by four «Pilot» sites: Chalon-sur-Saône, Abbeville and the regional departments of Nancy and Lyon.

In addition, Peugeot is aiming to reduce the environmental impact of its sales and after-sales operations. A programme is currently being developed with implementation due to begin in 2013.

Faurecia

Monitoring of environmental issues within Faurecia (environmental evaluation when necessary, management of discharge and pollution, management of waste generated by process activities etc.) is decentralised and organised according to sectors.

Every sector therefore has an HSE (Health, Safety, Environment) in-charge, in particular to lead and coordinate the reporting of environmental data for various sites in his or her sector. Thus, environmental monitoring is implemented at the site level, and the sites define their own environmental objectives. Emissions and consumptions are reported annually via a software. Moreover, every environmental incident is monitored by the Group's alert system called AMS (Alert Management System).

5.3.3.2. AN ACTIVE CERTIFICATION POLICY

G.20

Within PCA, an environmental management system has been introduced at all of the Group's production facilities, based on ISO 14001 certification, the internationally recognised standard for environmental management and organisation The standard enables a company to formalise an environmental policy, identify the Significant Environmental Aspects of each facility and reduce their impact, draft the procedures and standards used to implement the policy, guarantee compliance and drive continuous improvement, which is the Foundation of environmental protection.

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

As part of the ISO 14001 process, every employee, whether fixed-term or permanent, as well as temporary workers and interns, receives training in environmental skills or awareness tailored to his or her job and business. Contract workers employed at the plants undergo similar training.

Launched more than ten years ago, the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. Today, the process is being deployed in R&D and replacement parts facilities. ISO 14001 is one of the standards with which all new production plants must comply.

ISO 14001 CERTIFICATION TIMETABLE FOR THE MANUFACTURING PLANTS

1999	2000	2001	2002	2003	2004	2005	2007	2010	2012
Mulhouse	Poissy	Aulnay	Caen	Metz	Saint-Ouen	Hérimoncourt*	La Garenne	Belchamp	Jeppener
Sochaux	Vigo	Rennes	Charleville	Mangualde			Vesoul		Sevel Nord**
	Trémery	Porto Real	Sept-Fons				Trnava		
	Madrid		Valenciennes						
	Buenos Aires								

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

** *Included in PCA data since 2012 (certified since 2000) according to the approach developed by PSA Peugeot Citroën.*

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

FAURECIA

Environmental management systems based on the international standard ISO 14001 are being set-up at Faurecia in accordance with the Group's environmental compliance policy and within the framework of the Faurecia Excellence System (FES). The ISO 14001 certification allows Faurecia to meet the requests of its customers.

The number of ISO 14001 certified sites are continuously on the rise and the figure reached 154 sites in 2012 (versus 148 sites in 2011), which is nearly 65% of the total number of industrial sites. As part of an effort to drive the progress and optimisation of Group policy, forty sites currently have an action programme aimed at implementing a certified environment management system (EMS).

5.3.3.3. TRAINING AND INFORMING EMPLOYEES REGARDING ENVIRONMENTAL PROTECTION

G.21 G.24

The key elements in successfully controlling the environmental impact at the sites are the competency and involvement of the individuals in the environmental sector.

To attain this objective within the automobile sector, the Group has identified an Environment Business in its core business developed for all its major activities. The environment business certified by PSA University allows the training path for every major environmental contributor to be defined, thus aiding in the full completion of the his or her activity. In addition, the central Environment Department assists these individuals by exercising permanent monitoring (regulations and best practices).

Over and above the training of major environmental contributors in the industry, every employee shall receive information on the environmental situation of his or her site at regular intervals and at least once a year. Finally, as part of the development of a Site Prevention Plan, every contributor outside the Group shall be made aware of the environmental policy of the site on which it is active. These various environmental training programmes comprised 13730 hours for the year 2012.

FAURECIA

The implementation of ISO 14001 management systems by Faurecia sites is accompanied by training and raising awareness programmes with regard to the environmental domain. In 2012, this meant 17,705 hours of training that were provided to 24,370 Faurecia employees, making up 32% of the Group's workforce. This investment in employee skills training represents almost €147,080.

5.3.3.4. PREVENTION OF ENVIRONMENTAL RISKS, POLLUTIONS OR EFFLUENTS

G.22 G.24

5.3.3.4.1. THE RESOURCES IMPLEMENTED

Within the Automobile Division, including PCA, the new processes installed in factories as part of the launch of new production integrate the issue of reducing any environmental impacts as from the design stage. In addition, the central Environmental Department is managing an annual investment portfolio to bring operations and installations into compliance in accordance with regulatory developments. An annual budget, which totalled approximately €1.3 million in 2012 was allocated for reducing pollution and environmental risk, integrating regulatory changes and deploying the certification programme.

Finally, this department assures regulatory monitoring that allows capturing perspectives of structural regulatory development, and shares this information with the Management with regard to the concept of production methods in order to best anticipate future regulatory constraints.

Faurecia

Faurecia takes into account the reduction of the impact of its industrial activities on the natural surroundings in the immediate vicinity of its sites, especially in terms of the emission of pollutants in the air and in water, consumption of energy and generation of greenhouse gas, as well as waste production. To this end, in 2012, Faurecia intensified its policy of setting-up depollution equipment at the end of manufacturing processes or modifications to such processes in order to reduce the quantity or the harmfulness of its discharge and waste. The total investment in environmental protection reported by the sites and the compliance of equipment was increased to €12.6 million in 2012 – an increase in investment of more than 70% over 2011. Investments made exclusively for protecting the environment alone represented €2.9 million in 2012.

5.3.3.4.2. PREVENTION OR REPAIR MEASURES

Limiting atmospheric emissions

Volatile Organic Compounds

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.

While VOCs emissions produced by PSA Peugeot Citroën's paint shops in France represent a marginal amount (less than 0.2% in France; according to CITEPA: Inventory of emissions from atmospheric pollutants and GHG in France for 2012, i.e. 799 kt), nevertheless, they constitute the major environmental challenge in terms of site-wise emissions.

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

- optimising paint shops by using equipment with higher application efficiency to reduce the use of conventional paints and related solvents, by selecting low-solvent paints and by recycling used solvents;
- deploying water-based paints and other clean technologies in new facilities, particularly in the new Kaluga facility in Russia, which is equipped with this effective technology;
- installing air treatment equipment that incinerates VOCs on site;
- encouraging the sharing of experience and best practices among Group plants.

Deployment of this action plan has more than halved per-vehicle VOCs emissions from the Group's paint shops in less than 15 years and enabled each facility to meet the limits set in the European Union Directive on reducing VOCs (Volatile Organic Compounds) emissions, which came into force in October 2007.

Continued systematic implementation of the best technologies at cost-effective prices is enabling the Group to steadily improve its performance. VOC emissions per vehicle produced have been below 4.0 kg since 2009 with 3.3 kg of VOCs emissions per vehicle produced for PCA in 2012.

The other regulated emissions

Since 1995, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to substantially reduce worldwide sulphur dioxide (SO_2) emissions from the Group's power plants. In 2012, the Group stopped using high-sulphur fuel oils, thereby reducing SO_2 emissions to less than 15 tonnes for the year 2011 and and these levels were maintained for 2012.

At the same time, nitrous oxide (NOx) 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).

The Group has undertaken major modernisation projects at its Sochaux and Mulhouse plants to replace old boilers with new gas-fired ones using the latest technology, particularly in terms of output, in order to cut the plants' combustion emissions. These projects started in late 2011 and should be completed in 2014. The Group's plant in Vesoul, France, started 3 years ago, finished phasing out the use of fuel oil with the installation of a new natural gas and wood boilers – thereby allowing the plant to generate the heat it needs while shrinking its carbon footprint considerably.

At Faurecia, the decline in the consumption of fuels reduced N_2O emissions by 4.4%, CH_4 emissions by 2.8% and NO_2 emissions by 4.3% in 2012 versus 2011.

161 sites were subject to self-monitoring by local authorities for assessing the quality of atmospheric discharge. Of these 161 sites, 86% complied with the requirements set up as part of this monitoring.

Managing water consumption and effluent

For the Automobile Division (to which PCA belongs), conserving water is a key objective at every plant. As with energy, each plant has its own water consumption management plan based on the widespread use of metering systems, the display of the least water-intensive operating parameters for each workstation and the deployment of recycling systems. Since 1995, these measures have led to a very sharp 65% reduction in water consumption per vehicle produced, thereby helping to conserve resources.

Whether connected to the public wastewater treatment network or equipped with their own integrated treatment plant, each facility tracks effluent systematically – sometimes on a daily basis – using indicators, defined in the operating permits. The results of the tracking operations are reported to administrative authorities on a frequent basis. This organisation ensures that aqueous releases are not harmful to the surroundings. In particular, given the nature of effluent from the car plants, the risk of eutrophication and acidification is negligible.

At Faurecia, the water consumed is mostly used for chilling. 53.1% of water used is discharged into natural surroundings (of which 12.2% requires on-site treatment), and the remaining 46.9% is directed towards collective treatment systems. 121 sites out of the 237 surveyed were subject to self-monitoring by local authorities for assessing the quality of waste water. Of these 121 sites, 86% comply with the requirements related to effluents.

Protecting the soil G.24 G.30

Within the Automobile Division, to which **PCA** belongs, the Group is committed to identifying any pre-existing soil contamination at its sites.

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

In every case, strict procedures are applied to prevent soil pollution, in particular through the use of retention basins for liquid storage and limiting, to the extent possible, the use of underground pipelines for fluids transport.

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, for making the site compatible with the intended use after it is has been sold or transferred.

Faurecia

Worldwide, Faurecia sites occupy an area of 962.25 hectares. This figure represents an increase over 2011 (more than 5%) following the acquisition of new sites in 2012 (eight additional sites compared to 2011, representing an increase of 3.5% in the number of sites). 65% of the area occupied is rainwater-resistant (same figures as 2011).

The 102 sites, representing 43% of those surveyed, carried out a soil and groundwater survey for identifying at least the consequences of past activity and the environmental impact of the site set up.

Soil and groundwater pollution checks are also carried out in compliance with regulatory requirements, and also as part of environmental due diligence audits requiring in-depth examination.

Managing energy consumption

Within the Automobile Division, to which **PCA** belongs, vehicle manufacturing uses energy for a wide variety of industrial processes: casting, machining, paint curing, heat treatment, etc. Consequently, the Group has developed an energy management plan for all its plants based on best available techniques that has helped to reduce per-vehicle energy consumption by 24% since 1995.

The plan has also made it possible to map the energy performance of the largest plants in order to identify the necessary interventions to completely overhaul their energy programmes as well as related short-term investments to help reduce energy consumption.

Today, the Group's commitment to managing energy consumption is producing results. The Sochaux site thus became the first industrial site in France to receive the new ISO 50001 certification standards, Mulhouse was up to date in 2012 and the Trnava site in Slovakia is in this process and will receive its certification in the first half of 2013.

Participation in the CO_2 emission allowance scheme

For the 2008 to 2012 period, seven plants (Sochaux, Mulhouse, Rennes, Poissy, Vesoul and Vélizy in France; and Vigo in Spain) that operated installations rated over 20 MW qualify for the CO_2 emission allowance scheme set up in application of European Union Directive 2003/87/EC, amended, on greenhouse gas emissions trading.

For the seven plants, changes in the allocation rules have led to a 21% reduction in allowances compared with the first period (2005-2007). However, the deployment of the policy of controlling energy consumption, which is backed up by the best technology available, has allowed CO_2 emissions at the installations in question to be reduced such that the reduction in allowances has not had any negative impact on the "self-sufficient" Group throughout the period of 2008-2012.

PSA Peugeot Citroën is implementing the third phase (2013-2020) of the CO_2 emission allowance scheme. The scheme will extend to four new facilities (three assembly plants and one foundry) and to all operations (casting, foundry work, etc.) in the seven facilities already covered, for their combustion installations.

In this context, the requests for allowances and free quotas have been regularly established, verified by third parties, validated by the national authorities, and are in the directive stage with the European authorities. The notification of allowances is expected in the first half of 2013.

Currently, the automobile sector is not identified by European regulation as a sector exposed to the "risk of carbon leakage". As a result, the allocation of free quotas for PSA Peugeot Citroën, as for other automobile manufacturers, will be limited starting 2013 to 80% of a reference value (issued based on a European benchmark), and will then reduce with every following year on the basis of a gradient of 30% of the reference value in 2020. PSA Peugeot Citroën is hence prepared to reduce its CO_2 emissions.

Implementation of initial GHG (Greenhouse Gas) emission checks

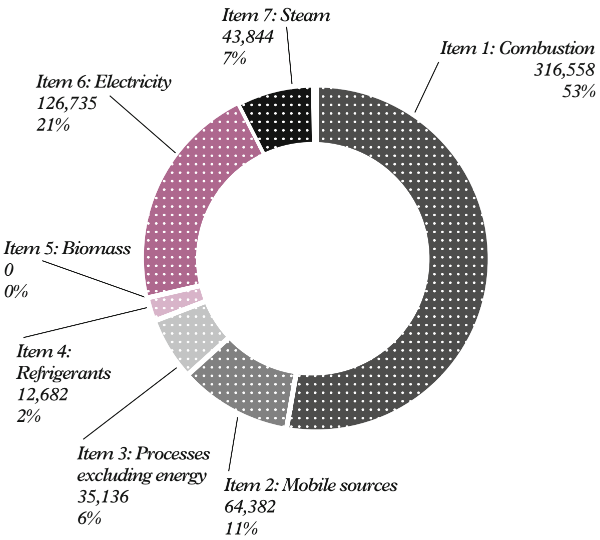
With the application of the new article L. 225-25 of the environmental code, derived from the Grenelle environment laws, PCA, and various affiliated organisations (companies with more than 500 employees) have implemented greenhouse gas (GHG) emission checks (6 GHGs from the Kyoto protocol) for its French activities, on the basis of 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 has passed it on to the competent regional Prefect in December 2012.

An extremely summarised result of the PCA checks and its affiliates is given below:



An action plan for the period 2012 to 2014 is a part of this check. The resulting actions adopted may be a plan for controlling energy (e.g. reduction of electricity or gas consumption in 2012), or specific actions for reducing GHG emissions (e.g. utilisation of refrigerants having a low Global Warming Potential).

The total emission gain over the three years expected from the envisaged action plan comes to more than 60,000 tonnes of CO_2.

Brand dealership networks

With regard to the dealership networks of the Peugeot and Citroën brands, Peugeot Citroën Retail's (PCR) environment cell is currently carrying out two additional projects: a maintenance audit for structures and the implementation of a consumption check for water, electricity and gas in all Peugeot Citroën Retail subsidiaries and affiliates. Starting March 2013, these two projects will enable the following thanks to a central information repository in a database:

- having representative photographs of site conditions,
- assuring traceability of site development;
- quick access to reliable, long-term information;
- facilitate regular updates;
- optimise maintenance costs;
- reduce energy consumption at points of sale.

For every point of sale, the audit of the buildings will collect the constituent elements of the buildings as well as their energy usage and the level of fire prevention equipment.

The control and analysis of water, electricity and gas consumption will be implemented based on remote reading of metres (values directly read every hour by metres at the points of sale and programmed to alert the site manager by email or text message in case the system detects any anomalies). A sensor connected to the main metres for the three networks installed in every establishment allows identification of sites with heavy energy consumption, detection of anomalies and seeking out its cause (e.g. highlighting invisible leakages or overconsumption arising from poor utilisation of installations).

As a result, the Group will be able to put in place corrective measures to regulate and reduce the consumption of power and energy at the facilities. The Group will promote energy control by publishing a best practices guide on the economies of energy and by carrying out a statistical analysis for each site. The savings generated as a result of the investments will be measurable. The interventions at the points of sale will be implemented by specialised third-party companies, in collaboration with power supply companies (for the control of consumption project), PCR central and the local representatives of PCR.

Faurecia

In compliance with Article 75 of law No. 2010-788 dated 12 July 2010 (called Grenelle 2 law), Faurecia sites in France have implemented their GHG check and informed the regional Prefect of an action plan for reducing greenhouse gas emissions. Among these actions, particularly noteworthy are the involvement of certain sites in implementing an energy management system according to the ISO 50001 standard, reducing the frequency of collection and analysis of energy indicators, the idea being to precisely monitor energy consumption based on usage (air conditioning, heating, lighting) in order to identify methods to reduce carbon emission.

Managing waste G.25

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

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

- the weight of waste per vehicle produced has been reduced by 34%;
- analysis and characterisation of waste produced during the different stages of production (casting, foundry work, mechanical parts manufacture, stamping, paint and final assembly) have made it possible to identify processing channels that provide an alternative to landfilling. The gradual deployment of new outlets, depending on locally available treatment solutions, is driving a steady increase in the waste recovery rate, which has now reached 85% excluding metal waste.

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

When metal waste is taken into account, Group plants reclaim or recycle around 95% of their process waste.

The Peugeot Citroën Retail France dealership network signed a two-year domestic waste management contract with Véolia and Chimirec starting first 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.

At Faurecia, almost all metal waste (72,060 tonnes in 2012) is recycled. Moreover, it may be noted that, in 2012, 13,472 tonnes of the by-products were directly reused in-house as raw material.

Respecting biological balance, protecting biodiversity and managing odours and noise G.26 G.33

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

Although most Group facilities are based in suburban industrial parks, none of them are located in an area on the Ramsar List of Wetlands of International Importance or in areas that are specially regulated for the protection of flora and fauna (natural parks, Natura 2000 areas, nature reserves, etc.). Nevertheless, some of the sites are situated close to some of these areas. But this proximity has no identified consequence on the concerned surroundings.

Measures required to preserve natural habitats, flora and fauna, as well as to ensure the tranquillity of neighbouring communities, are assessed and defined during initial or supplemental environmental impact studies conducted before the installation of any new plant facilities or equipment. In accordance with legislation, these studies are submitted to public hearings and to the approval of administrative authorities.

Since facilities and the regions in which they are located have very different characteristics, each facility is granted considerable independence in setting up its biodiversity management programme. The plants in Rennes (France) and Madrid (Spain) have 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.

Sevel Nord has also drawn up a biodiversity inventory on its site and has implemented an initiative for the development of 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.

"The Peugeot carbon sink project in the Amazon": an environmental, scientific and socio-economic commitment

The Peugeot brand, in partnership with France's National Forestry Office (ONF), is pursuing the carbon sink project it has sponsored in the Amazon since 1998. Scheduled to run through 2038, 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. More than two million trees representing around 50 species have already been planted over a total estimated surface area of 2,000 hectares.

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

In its first decade, the Peugeot carbon sink absorbed an estimated 53,000 tonnes of CO_2, or an average 5.1 tonnes per hectare per year.

Depending on tree spacing and the species planted, sequestration may vary from 2 to 12 tonnes per hectare per year from one plot to another. These calculations are based on the AR-ACM001 methodology prepared by the International Panel of Experts on Climate Change.

The sink's long-term success hinges on its seamless integration into the region's economic and social fabric. This has led to the creation of local jobs to help raise awareness about the future of forests and the importance of preserving them.

In 2009, Peugeot, the ONF and the Mato Grosso government signed an agreement designating carbon sink as a Private Natural Heritage Reserve, which serves as a real-world laboratory for the research needs of the Brazilian and international scientific community. Tree felling and logging are prohibited throughout the reserve, which comprises 1,800 hectares of natural forest.

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

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

The Peugeot-ONF carbon sink project is the first reforestation project in Brazil to generate certified carbon credits following the VCS protocol and the second in South America.

In 2012, the project partners set up PETRA (an experimental platform for the management of Brazilian Amazon rural lands). PETRA will supplement the annual support provided to Franco-Brazilian PhD students for research in priority areas for carbon sink technology (like forestry, biodiversity, carbon capture, etc.). Moreover, the project will rely on local small-scale producers for the development of adapted agroforestry systems.

In Slovenia, the local subsidiary of BPF (Banque PSA Finance) set-up an operation in partnership with the «Slovenian Forest» association, wherein BPF plans to transfer a stake to the association. (All the Publicity for this initiative at the Point of Sale is carried out on recycled paper).

Faurecia

28 Faurecia sites are today estimated to be located near a protected zone according to local authorities (less than 3 kilometres). In order to improve practices linked to the protection of biodiversity, certain sites are working in particular to enlarge their green areas and to use their organic waste in natural fertilisers.

5.3.3.4.3. PROVISIONS FOR ENVIRONMENTAL RISKS G.23

Amount of provisions and guarantees for environmental risks

The Group currently has no provisions or guarantees for environmental risks, as far as its Automobile Division and BPF are concerned. However, the regulation on financial guarantees will be applicable to Group sites in France. The concrete implementation of this new project is being coordinated by the Environment Department and will come into force in 2014.

As far as **Faurecia** is concerned, immaterial provisions were made in 2012 for potential environmental risks. They are not being specifically monitored. They are included in the provision amount, the details of which are provided in Note 24.2 of the consolidated accounts published in the Faurecia's Registration Document.

Amount of penalties paid following a legal ruling concerning the environment

PCA

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

FAURECIA

In 2012, 24 sites were subject to 36 actions or notifications of non-compliance, of which 27% concerned the environment and 72% were related to questions of hygiene, security and work conditions. In the environmental domain, the observations sent to the authorities essentially concerned the lack of monitoring of certain discharge or exceeding of limit values. With regard to security, the complaints cited, for instance, the non-adherence to the HSE requirements and rules or the absence of specific authorisations. The concerned sites had to pay a total of €53,452, divided over six sites. Currently, there are still seven on-going disputes worldwide in relation to environmental issues.

5.3.4. SITES' CONSUMPTIONS AND EMISSIONS

The following environmental indicators are presented in compliance with articles L. 225-102-1 and R. 225-105 of the French Commercial Code, the decree enabling article 225 of Act no. 2010-778 dated 12 July 2010 regarding the national environmental commitment ("Grenelle 2" Act) and in line with GRI (Global Reporting Initiative) recommendations. A cross-reference index with GRI indicators may be found at the end of the Group's "Corporate and Environmental Responsibility report – *Strategic Guidelines, Commitments and Indicators* 2012 «, 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 PSA Peugeot Citroën and BPF.

A listed company 57.4%-owned by Peugeot S.A., Faurecia manages its business independently and therefore prepares and publishes its own indicators in its Annual Report.

PSA Peugeot Citroën consumes two main resources for the needs of its operations:

- water, for such uses as machining, washing, cooling, sanitary facilities, etc. Depending on local availability, production plants get their water from public water companies, private wells or nearby rivers;
- energy, in the form of fossil fuels, electricity and steam, to power a certain number of processes, such as heat treatment, casting and paint curing, as well as to provide heat, light and air conditioning in buildings and offices.

The use of water, energy and products in manufacturing processes, such as scrap iron in casting, steel and aluminium sheets in stamping, or surface treatment products, paints, cutting liquids, glues and sealants, generate emissions into the water, air and soil, as well as waste that Group plants are committed to limiting and effectively managing.

Details on the methodology used for the indicators published in this Chapter may be found in the "Corporate and Environmental Responsibility report – *Strategic Guidelines, Commitments, Indicators*", which is available for downloading on the Group's website.

Coverage rates presented under the tables for the Peugeot and Citroën brands, as well as for Faurecia, 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, data concern all sites.

Note that certain 2011 results were restated to reflect more detailed data reported after the earlier Registration Document was published. The restatements have been explained each time the difference exceeded 1%.

Scope:

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

The PCA scope of reporting covered 35 sites. The PCA scope includes data from two additional assembly units in 2012 compared to 2011: The Sevel Nord plant (taken over by the Group end of the year) and the Kaluga plant (which started all the production processes during the year), these changes in scope make the analyses of changes compared to previous years difficult. The shutdown and removal of the Melun-Sénart replacement parts centre from the scope of consolidation may also be noted.

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

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

PCI: Process Conception Engineering operations (one site).

PMTC: Peugeot Motocycles operations (two sites).

BPF (Banque PSA Finance): banking and insurance operations. Data of the BPF line concerns centrally operated businesses, the French and German subsidiaries. The data of subsidiaries in Italy, Portugal, Poland, Slovakia, Czech Republic, Croatia and Turkey are included in the AP/AC reporting. As a result, the coverage of is greater than 50%.

Faurecia: Faurecia's equipment supply operations.

Faurecia's scope of reporting covered 237 sites, divided into four product groups.

The data presented in the tables below have been audited by Grant Thornton. Information on the methods, procedures, global scope of verification and level of assurance of their audit is presented in the current document.

5.3.4.1. ENERGY

CONSUMPTION OF ENERGY, MEASURES TAKEN FOR IMPROVING ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY G.29

Direct energy consumption

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

unit: MWh ncv		Heavy Fuels	HHO	NG + LPG	Coke + Carbon	Wood	TOTAL
PCA	2012	4,556	4,987	1,988,699	87,181	3,185	2,088,608
	2011	4,100	5,487	1,884,388	110,585	-	2,004,560
	2010	3,709	11,830	2,386,220	105,646	-	2,507,405
AP/AC	2012	339	19,012	170,921	-	-	190,272
	2011	367	20,369	180,874	-	-	201,610
	2010	889	37,378	196,954	-	-	235,221
PCI	2012	-	-	152	-	-	152
	2011	-	-	3,959	-	-	3,959
	2010	-	-	5,123	-	-	5,123
PMTC	2012	-	-	21,703	-	-	21,703
	2011	-	0	20,346	-	-	20,346
	2010	-	10	27,890	-	-	27,900
FAURECIA	2012	1,522	10,728	708,416	-	-	720,666
	2011	2,162	14,043	741,459	-	-	757,664
	2010	4,727	18,197	724,479	-	-	747,403
Banque PSA Finance	2012	-	-	103	-	-	103
	2011	-	-	-	-	-	-
	2010	-	-	-	-	-	-
TOTAL	**2012**	**6,417**	**34,727**	**2,889,994**	**87,181**	**3,185**	**3,018,319**
	2011	6,629	39,899	2,831,026	110,585	0	2,988,139
	2010	9,325	67,415	3,340,666	105,646	0	3,523,052

Heavy fuel oils = 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

Despite the 9% decline in production, the primary energy consumption of PCA went up by 4% in 2012. This is largely explained by the expansion in the scope mentioned above (Sevel Nord and Kaluga in Russia) and a fall in activity at non-performing plants given the economic context, but also by the harsher climatic conditions in 2012. However, compared to the 2010 data, there has been a significant decline in consumption, which confirms that the actions for energy management implemented at the sites make it possible to largely compensate for the load fluctuations of the plants.

It may also be noted that the Group is striving towards replacing the most polluting sources of energy. This is illustrated by the replacement of resources using heavy fuel oil with a new gas-fired boiler, supplemented by a biomass-fueled boiler, enabling the plant to generate the heat it needs while shrinking is carbon footprint considerably.

Data from the Peugeot and Citroën brands were reported from an average 98% of their sites in 2012 (98% in 2011 and 92% in 2010) for direct 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.

Data from Faurecia was reported from an average 97% of their sites in 2012 (95% in 2011 and 90% in 2010) for direct energy consumption.

Indirect energy consumption

unit: MWh		Electricity	Steam	Total
PCA	2012	2,358,596	237,381	2,595,977
	2011	2,486,202	235,404	2,721,606
	2010	2,546,206	274,550	2,820,756
AP/AC	2012	143,250	4,691	147,941
	2011	157,083	9,403	166,486
	2010	153,775	13,577	167,352
PCI	2012	2,099	2,274	4,373
	2011	2,153	-	2,153
	2010	1,837	-	1,837
PMTC	2012	11,702	-	11,702
	2011	12,550	-	12,550
	2010	12,869	-	12,869
FAURECIA	2012	1,385,446	12,034	1,397,480
	2011	1,321,735	18,990	1,340,725
	2010	1,216,051	17,372	1,233,423
Banque PSA Finance	2012	2,054	1,289	3,343
	2011	-	-	-
	2010	-	-	-
TOTAL	**2012**	**3,903,147**	**257,669**	**4,160,816**
	2011	3,979,723	263,797	4,243,520
	2010	3,930,738	305,499	4,236,237

Within PCA, secondary energy consumption decreased by 5%, illustrating the energy control measures implemented by the Group. Indeed, the Group was successful in passing on the decrease in production to its industrial energy consumption, despite the development of an unfavourable scope.

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

Data from Faurecia was reported from an average 96% of their sites in 2012 (97% in 2011 and 93% in 2010) for direct energy consumption.

For Faurecia in 2012, all its sites reported energy consumption estimated at 2.12 million MWh, at a level close to that of 2011. At the same time, the total energy consumption increased by 15% compared to 2011. In terms of number of hours worked, the consumption of energy thus decreased by 12.2% compared to 2011, this development being attributable to the ISO 14001 certified sites in particular (decreased by 13.9%). In 2012, the energy consumed comprised electricity at 65%, natural gas at 30.68%, Liquefied Petroleum Gas (LPG) at 2.8%, oil at 0.58% and steam at 0.57%.

This reduction in energy consumption mainly concerns fossil fuels. For an equivalent scope, the consumption of natural gas decreased by 1.1% (-6,184 MWh), that of Liquefied Petroleum Gas (LPG) by 23.3% (-17,459 MWh) and the consumption of industrial oil reduced to 24.2% (-3,956 MWh). This decrease in consumption can be explained by the change in allocation of energy to certain sites in particular.

The consumption of electricity for an equivalent scope, on the other hand, showed an increase of 5% (+62,845 MWh) compared to 2011. This increase is related to the acquisition of eight sites and the greater number of hours worked.

Using renewable energies

The Group examines on a case by case basis opportunities to resort to renewable energy. This is why 9,300 sq. m of photovoltaic panels were installed in 2010 at the Sochaux site in partnership with Veolia Environnement.

Thus, the Vesoul site inaugurated the commissioning of a wood furnace in November 2012 to replace older oil furnaces that were less environment-friendly.

ENERGY CONSUMPTION AND ADAPTING TO CONSEQUENCES OF CLIMATE CHANGE G.31 G.32

Direct air emissions from combustion plants

Note: Direct emissions are calculated on the basis of energy consumption in compliance with the ruling of 31 March 2008 in the case of CO_2 and the circular of 15 April 2002 for all other gases. Changes in emission levels are thus directly related to changes in energy consumption.

Direct greenhouse gas emissions (GHG)

Total greenhouse gas emissions expressed in tonnes of CO_2 equivalent were calculated by applying the following global warming coefficients: 310 for N20 and 21 for CH_4 (Source: IPCC Second Assessment Report: Climate Change 1995).

unit: t		CO_2	N_2O	CH_4	Total CO_2 equivalent
PCA	2012	441,276	18.0	29.0	447,464
	2011	426,459	17.0	27.1	432,305
	2010	529,711	21.6	34.3	537,115
AP/AC	2012	40,384	1.6	2.6	40,946
	2011	42,785	1.7	2.7	43,382
	2010	50,833	2.0	3.0	51,511
PCI	2012	31	0.0	0.0	32
	2011	814	0.0	0.1	828
	2010	1,053	0.1	0.1	1,070
PMTC	2012	4,461	0.2	0.3	4,528
	2011	4,182	0.2	0.3	4,244
	2010	5,736	0.3	0.3	5,820
FAURECIA	2012	150,940	6.5	9.7	153,143
	2011	158,590	6.8	9.9	160,891
	2010	157,955	6.7	9.8	160,238
Banque PSA Finance	2012	21	0.0	0.0	22
	2011	-	-	-	-
	2010	-	-	-	-
TOTAL	**2012**	**637,114**	**26.3**	**41.5**	**646,134**
	2011	632,830	25.7	40.1	641,649
	2010	745,288	30.5	47.5	755,754

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

Note: A correction to the global warming potential of N2O was made to the 2011 data for PCA, PCI and PMTC.

These data take into account 1,078 equivalent tonnes of CO_2 arising from combustion of biomass in PCA.

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

Atmospheric discharge from Faurecia sites mainly originate from the consumption of natural gas, liquefied petroleum gas and oil. These three sources generated emission of approximately 150,940 thousand tonnes of CO_2 in 2012, a reduction of 4.8% (-7,650) compared to 2011 and a decline in their respective consumptions.

Other direct emissions

SO_2/NO_2 emissions have been calculated from fossil fuel energy consumption (fuel oil, coal, coke, natural gas and LPG), using emissions factors as recognised by the regulations.

unit: t		SO_2	NO_2
PCA	2012	14.0	435.9
	2011	13.0	411.5
	2010	15.6	522.0
AP/AC	2012	7.5	44.0
	2011	8.0	46.6
	2010	14.8	56.5
PCI	2012	0.0	0.0
	2011	0.0	0.9
	2010	0.0	1.1
PMTC	2012	0.0	4.2
	2011	0.0	4.0
	2010	0.1	6.0
FAURECIA	2012	18.3	159.2
	2011	13.3	166.4
	2010	16.9	166.6
Banque PSA Finance	2012	0.0	0.0
	2011	-	-
	2010	-	-
TOTAL	**2012**	**39.8**	**643.3**
	2011	34.4	629.4
	2010	47.3	752.2

SO_2 = Sulphur dioxide *NO_2 = Nitrogen dioxide*

Within the PCA scope, the Group is seeking to do away with reliance on the most polluting forms of energy. Thus, as of 31 December 2012, PCA's industrial installations no longer have means of production running on heavy fuel, which should improve the emission of atmospheric pollutants within PCA.

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

Indirect emissions of CO_2

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

unit: t		Indirect CO_2
PCA	2012	283,044
	2011	250,821
	2010	353,690
AP/AC	2012	36,251
	2011	42,810
	2010	44,210
PCI	2012	590
	2011	76
	2010	83
PMTC	2012	452
	2011	443
	2010	579
FAURECIA	2012	539,648
	2011	470,563
	2010	444,448
Banque PSA Finance	2012	638
	2011	-
	2010	-
TOTAL	**2012**	**860,624**
	2011	764,713
	2010	843,010

Changes in 2012 compared to 2011 can be explained by the development of energy purchased in one year against the other, with a very slight increase in steam and a reduction in electricity, and by the energy mix used by our suppliers for producing this energy. A slight increase in the carbon content of energy supplied has been reported. In the longer term, indirect CO_2 emissions, already at a low level taking into account our extensive setup in France, will decline.

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

Data from Faurecia was reported from the same proportion of sites as for indirect energy consumption. They covered an average 97% of sites in 2012 (99% in 2011 and 99% in 2010) for indirect CO_2 emissions.

Atmospheric discharge from Faurecia sites mainly originate from the consumption of natural gas, liquefied petroleum gas and oil. These three sources generated emission of approximately 150,940 tonnes of CO_2 in 2012, a reduction of 4.8% (-7,650) compared to 2011 and a decline in their respective consumptions. In addition, the consumption of electricity by Faurecia sites in 2012 corresponds to the indirect emission of 539,647 tonnes of CO_2, an increase of almost 14.7% compared to 2011, partly because of the increase in consumption. The other part of this consumption can be explained by a change in the emission factors following the update of the IEA (International Energy Agency) benchmark. Some countries registered a strong variation in their factor between 2011 and 2012 (Russia, Poland and Portugal). For informational purposes, this modification to the emission factors caused an increase of 8% of indirect emissions.

VOCs emissions from paintshop facilities

Note:VOCs emissions from paintwork and presses (emissions attributable mainly to separating agents) are determined by a material balance method compliant with the principles of the 1999/13/EC directive.

		VOCs (tonnes)	Ratio (in kg/ vehicle produced)
PCA	2012	6,597	3.30
	2011	8,059	3.65
	2010	8,390	3.75
PMTC	2012	4	
	2011	10	
	2010	4	
FAURECIA	2012	1,970	
	2011	2,228	
	2010	2,342	
TOTAL	**2012**	**8,571**	
	2011	10,296	
	2010	10,736	

VOCs: Volatile Organic Compounds.

Note: The data presented does not include VOCs emissions from the Kaluga assembly unit in Russia, which started operations in 2012. However, it may be noted that the painting process adopted in this plant is based on water-based paints with slight VOC emission.

In 2012, a reduction of 22% in VOCs (Volatile Organic Compounds) emissions was observed, as well as a reduction of 11% in the ratio of VOCs emission per painted vehicle. This significant growth can be attributed mainly to a plan of managing and controlling consumption of solvents that resulted in significantly reducing emissions from solvent-based paint installations and improving the results of installations that are already low-emission as a result of their process involving water-soluble paints.

5.3.4.2. WATER

CONSUMPTION AND SUPPLY OF WATER ACCORDING TO LOCAL CONSTRAINTS G.27

Water withdrawals

unit: m³		City water	Surface water	Underground water	Total
PCA	2012	1,967,158	3,929,592	3,870,874	9,767,624
	2011	1,941,873	4,286,015	3,746,222	9,974,110
	2010	2,084,888	4,035,499	4,744,254	10,864,641
AP/AC	2012	676,854	-	2	676,856
	2011	706,343	-	5,000	711,343
	2010	660,891	5,115	5,431	671,437
PCI	2012	3,243	-	-	3,243
	2011	2,637	-	-	2,637
	2010	2,379	-	-	2,379
PMTC	2012	13,512	-	-	13,512
	2011	14,835	-	-	14,835
	2010	14,977	-	-	14,977
FAURECIA	2012	1,882,862	654,418	1,107,469	3,644,749
	2011	1,807,235	704,038	1,016,044	3,527,317
	2010	1,634,306	835,576	878,828	3,348,710
Banque PSA Finance	2012	10,201	-	-	10,201
	2011	-	-	-	-
	2010	-	-	-	-
TOTAL	**2012**	**4,553,830**	**4,584,010**	**4,978,345**	**14,116,185**
	2011	4,472,923	4,990,053	4,767,266	14,230,242
	2010	4,397,441	4,876,190	5,628,513	14,902,144

The consumption of water within PCA decreased by 2% compared to the year 2011.

Data for Peugeot and Citroën were reported from 86% of their sites in 2012 (versus 86% in 2011 and 83% in 2010).

Data for Faurecia was reported from 90% of its sites in 2012 (97% in 2011 and 97% in 2010).

At Faurecia, all sites together reported an estimated, overall water consumption at 3,645 million cubic metres in 2012. Within the 214 sites used in 2011, the overall consumption of water increased only by 2.9% (+101,000 cubic metres) between 2011 and 2012, considering that the hours worked were greater. On these 214 sites, the water consumption reported for the number of hours worked decreased by 8.4%, going from 26.7 litres to 24.5 litres for every hour worked. In addition, the consumption of surface water was reported only from three current sites together for 2011 and 2012. This consumption decreased by 7%, which is 50,000 cubic metres. In 2012, the source of water consumed by Faurecia's factories was as follows: 52% was drawn from the municipal city network, 18% from surface water, and 30% from groundwater.

Gross effluent discharge, ex-works G.24

unit: kg/year		COD	BOD5	SM
PCA	2012	1,374,178	552,685	363,743
	2011	2,152,278	831,021	491,814
	2010	2044,413	708,937	424,608
AP/AC	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
PCI	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2009	n/a	n/a	n/a
PMTC	2012	520	197	27
	2011	347	208	36
	2010	1,110	293	78
FAURECIA	2012	Unconsolidated data		
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
Banque PSA Finance	2012	n/a	n/a	n/a
	2011	n/a	n/a	n/a
	2010	n/a	n/a	n/a
TOTAL	**2012**	**1,374,698**	**552,882**	**363,770**
	2011	2,152,625	831,229	491,850
	2010	2,045,523	709,230	424,686

COD: Chemical oxygen demand; BOD5: Biochemical oxygen demand after five days; SM: Suspended matter; n/a: not available.

Note: In 2012, the reduction in these indicators for discharge of pollutants was in particular attributable to the implementation of a new calculation method, which took into account the actual discharge of the various sites in a manner better than the calculation method used until then, which was proposed by French water agencies that take into account the average flow and the flow in the busiest month.

Note: data for Faurecia have not been consolidated because the differences in regulatory requirements worldwide mean it is not possible to consolidate indicators in a uniform manner.

Less than 10% of the effluent presented above is released into the environment after full treatment in an *integrated* plant. The remainder is channelled to public waste water plants for further treatment.

5.3.4.3. CONSUMPTION OF RAW MATERIALS G.28

THE CONSUMPTION OF RAW AND RECYCLED MATERIALS AND MEASURES TAKEN TO IMPROVE THE EFFICACY OF THEIR USE

Raw and recycled materials consumed (for PCA, standard parts)

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

- directly: 880,000 tonnes of steel and 63,000 tonnes of non-ferrous metals;
- indirectly: 1,575,000 tonnes of steel, 195,000 tonnes of non-ferrous metals and 600,000 tonnes of synthetics (of which 20,000 tonnes of recycled materials).

The reduction in the rate of direct steel consumption compared to other material shows the reduction of steel usage in the production of our vehicles.

Raw and recycled materials consumed (for Faurecia)

Plastics and metals were retained as elements to be collected for 2012, and represented the most important consumption.

In 2012, the process of production required the use of 1,144,090 tonnes of metal and 297,870 tonnes of plastic (out of stock and recycled materials).

The metals were mainly used for manufacturing seats and exhaust pipes: 47% and 52% respectively of this raw material.

Plastics were mainly used for manufacturing dashboards: Faurecia Interior System uses 63% of this raw material.

5.3.4.4. WASTE G.25

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

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

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

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

The reduction in the quantity of specific foundry waste between 2011 and 2012 was linked to the reduction in operations of the two main foundries of the Group.

The quantity of buried waste was stable between 2011 and 2012. However, this result conceals a disparity in the development. On the one hand, an increase in Russia where alternative sectors for this method of treatment are still underdeveloped, and on the other hand, the continued reduction for European factories, thus confirming the Group's effort in reducing its environmental impact. A number of industrial sites such as Sochaux, Mulhouse and Poissy do not bury any waste, other than the small amount required to be buried by law.

AP/AC (excluding metal waste)

unit: t		Land fill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	2012	3,605	8,096	92	11,793
	2011	4,333	8,974	70	13,378
	2010	5,539	10,239	156	15,934
Hazardous process waste	2012	554	3,526	187	4,267
	2011	850	3,595	169	4,613
	2010	1,543	3,149	292	4,984
TOTAL	**2012**	**4,159**	**11,622**	**279**	**16,060**
	2011	5,183	12,568	240	17,991
	2010	7,081	13,388	448	20,917

Data from the Peugeot and Citroën brands were reported from an average 83% of their sites in 2012 (87% in 2011 and 91% in 2010).

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

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

For PCA + PMTC (excluding metal waste, of which almost 100% was recycled)

unit: t		Land fill	Recovery and recycling	Other disposal methods	Total
Foundry waste	2012	-	-	24	24
	2011	-	-	124	126
	2010	-	-	126	126
Non-hazardous process waste	2012	136	372	0	508
	2011	124	485	0	609
	2010	122	551	0	673
Hazardous process waste	2012	9	173	313	495
	2011	2	138	515	655
	2010	6	130	482	618
TOTAL	**2012**	**145**	**545**	**337**	**1,027**
	2011	127	622	639	1,389
	2010	128	681	608	1,417

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

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

unit: t		Land fill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Non-hazardous process waste	2012	51,059	61,657	13,472	2,754	128,942
	2011	43,542	62,896	14,258	4,529	125,225
	2010	36,874	49,283	22,786	5,736	114,678
Hazardous process waste	2012	2,761	6,723		6,803	16,287
	2011	2,659	7,048	-	7,337	17,044
	2010	3,290	6,157	-	7,686	17,132
TOTAL	**2012**	**58,820**	**68,380**	**13,472**	**9,557**	**145,229**
	2011	46,200	69,944	14,258	11,866	142,268
	2010	40,163	55,440	22,876	13,421	131,810

Data from Faurecia was reported from an average 92% of their sites in 2012 (97% in 2011 and 98% in 2010).

The table above does not include the metal waste (72,060 tonnes in 2012) almost all of which was recycled.

Faurecia's operations produced 203,817 tonnes of waste in 2012 (including hazardous, non-hazardous and metallic waste other than that which was subject to internal evaluation). The total quantity of waste was similar to that recorded in 2011. Coming back to the total number of hours worked, for an equivalent scope, the quantity of waste decreased by 12.8% in 2012, amounting to 1.28 kg per hour worked (as against 1.46 kg per hour worked in 2011).

In 2012, the waste produced comprised 57% of non-hazardous waste, 36% of externally recycled metal, and only 8% of hazardous waste. The quantity of hazardous waste also decreased slightly between 2011 and 2012, amounting to 16,287 tonnes.

Banque PSA Finance

unit: t		Land fill	Recovery and recycling	Other disposal methods	Total
Non-hazardous process waste	2012	28	0	0	28
	2011	-	-	-	-
	2010	-	-	-	-
Hazardous process waste	2012	0	0	0	0
	2011	-	-	-	-
	2010	-	-	-	-
TOTAL	**2012**	**28**	**0**	**0**	**28**
	2011	-	-	-	-
	2010	-	-	-	-

5.3.5. COMPANY SUSTAINABLE DEVELOPMENT COMMITMENT

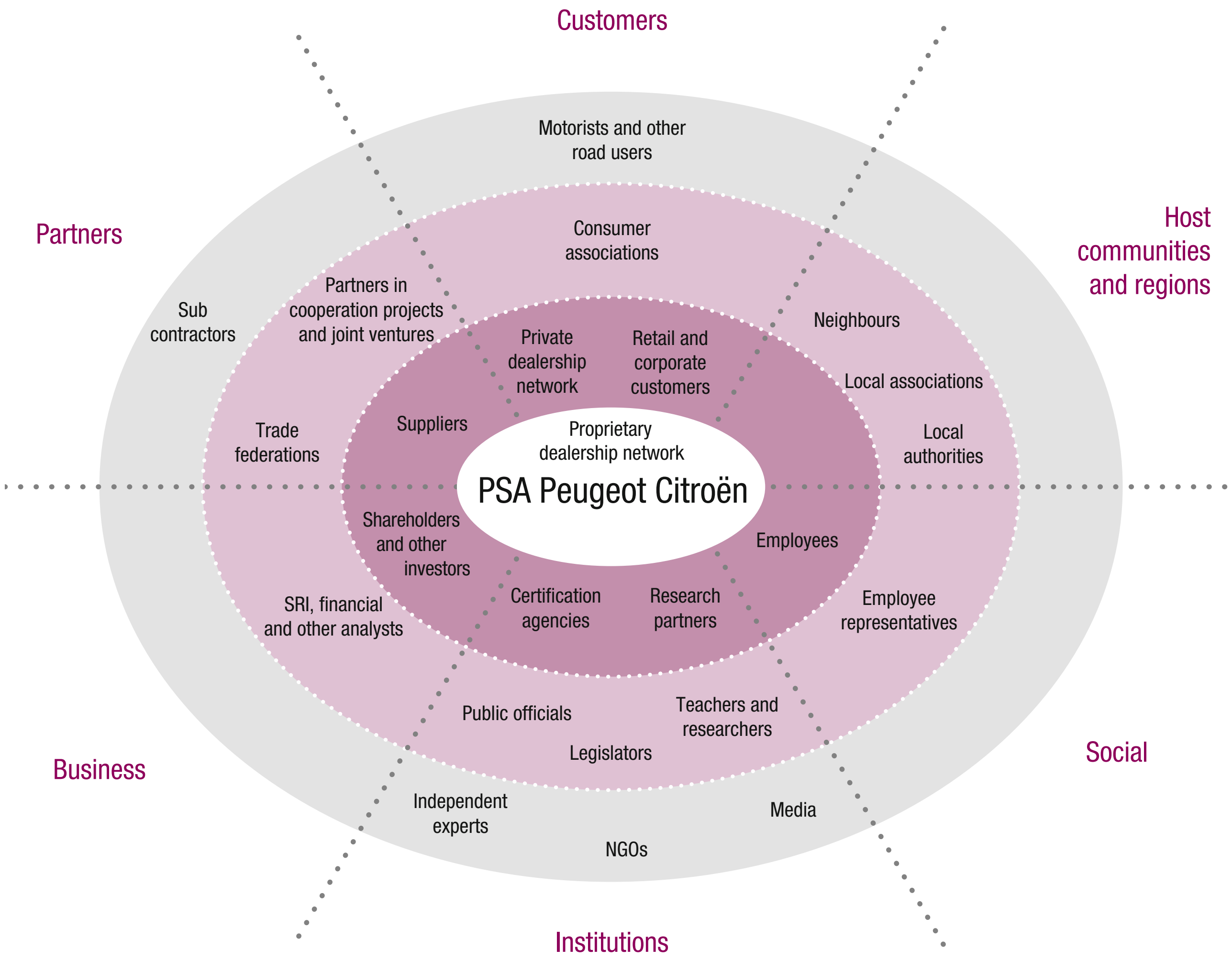
5.3.5.1. RELATIONS WITH STAKEHOLDERS G.36

PSA Peugeot Citroën – a major player in the local economies where it operates – has maintained solid relations with all of its stakeholders for many years. The experience gained through these relations allows us to better identify company, environmental or economic challenges and risks. Continuously monitoring our changing expectations, needs and limitations 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 and institutional changes.

STAKEHOLDERS AND FORUMS

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

Stakeholders



DIALOGUE RESOURCES USED BY PSA PEUGEOT CITROËN

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

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

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
Employees	• Internal communication through newsletters, websites, events, etc. • Awareness campaigns on sustainable development, diversity, disabilities, eco-driving, safe driving, etc.	• Daily dialogue with management • Discussion among employees within Basic Work Units • Suggestion boxes • Dialogue through employee representatives • Periodical satisfaction surveys	• Training
Employee representatives		• Social agenda • European Works Council expanded to a Global Council • Joint Union-Management Strategy Committee • Specific sessions on site	• Global Framework Agreement on Social Responsibility • Collective bargaining agreements and employee relations agreements with labour unions
Customers and consumer associations	• Peugeot and Citroën websites • Responsible communication charter • Information on road safety features when a vehicle is delivered	• Dealership network and customer services • Consultation with consumer panels • Consumer relations teams	
Dealership networks		• Customer satisfaction and quality feedback	• Analysis of all types of risk (including ethical) before a dealership contract is signed • Inclusion of sustainable development clauses in dealership contracts
Shareholders and other investors	• Letter to shareholders • Sustainable Development and Annual Report and Registration Document • Corporate *website* • Annual and interim financial results	• Consultation Committee • Annual Shareholders' Meeting • Investor meetings • Numerous conferences	
Suppliers	• Monthly information meetings	• Supplier trophies • Innovation days • Strategy meeting (CEO + 300 largest suppliers) and products/projects meeting • Four regional delegates appointed • Supplier relations teams	• Social and environmental guidelines for suppliers • Sustainable development clauses in contracts and general terms and conditions of sale • Involvement in France's PFA – a platform set up to foster on-going discussion and exchange among auto industry stakeholders
Partners in cooperation projects and joint ventures		• Member of French, European and global trade associations for automobile manufacturers (like the CCFA in France and the ACEA for Europe)	• Joint development and production of vehicle components and bases, notably for electric vehicles, hybrid components and Euro 6-compliant engines
Other carmakers		• Member of the European Automobile Manufacturers' Association (ACEA) • Member of national trade associations in all host counties	
Financial and SRI rating agencies	• Corporate Social Responsibility Report	• Responses to questionnaires and periodic requests	
NGOs and associations	• Corporate Social Responsibility Report	• Responses to requests • Meetings with NGOs • Formalised discussions	• Participation in the local community (infrastructure, local associations, etc.) • Support from the Foundation for projects and charities
Institutions		• Regular contacts with European and international institutions, as well as with French authorities • Local contacts with consulates	
Host communities and site neighbours	• Events on road safety, environmental issues, sustainable mobility and other topics	• Discussions with local officials • Open houses and site visits	

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
Media	• Press releases • Website and media centre (corporate and brands)	• Dedicated press relations teams	
Teachers and researchers	• Forum for France's leading business and engineering schools • Awareness campaigns with local schools and events for France's Industry Week	• Intern and apprenticeship programmes, and laboratory space for doctoral candidates under a CIFRE contract • Work on urban mobility within the City on the Move Institute (IVM)	• Partnerships with national educational systems in each host country • Visits, vehicle donations and educational events held by Group sites
Corporate Social Responsibility experts and dedicated entities		• Discussion sessions	

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

Stakeholder	Information – communication	Dialogue – consultation	Agreements – partnerships
Supervisory bodies French Prudential Controls Authority (ACP)	• Annual report on internal controls • Internal Controls Charter	• Inspections by the ACP • Half-yearly results presentations • Regular communication of financial and accounting indicators • Inspections by local supervisory agencies	
Trade associations	• French Association of Financial Companies (ASF) • FBF: French Banking Federation • French • Equivalents in the countries where the Group operates	• Working groups • Ad hoc discussions as needed	
Commercial partners • Banking • Insurance	• HSBC and Société Générale	• Operational cooperation	• Different types of partnerships in some countries: Joint ventures, etc.
Certification agencies	• Bureau Véritas	• ISO 9001 version 2008 certification annual audit	
Consumer associations	• Through the French Association of Financial Companies (ASF)	• Involvement in ASF initiatives on consumer credit	
Investors	• Banks and Institutional Investors	• Through the Group's Finance Division	
Dealership networks	• Dealerships, subsidiaries, and branches	• Customers and advisors	
Rating agencies	• Moody's, Standard & Poor's etc.	• Road shows • Results presentations	

Stakeholder dialogue for 2012:

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

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

More specifically, the Group is working with stakeholders to:

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

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

Many of the other industry organisations and trade associations that the Group belongs to (like EPE, C3D, Comité 21, CCFA, and MEDEF's CSR Committee) have also formed working groups to foster dialogue with stakeholders such as French Tier 1 and Tier 2 suppliers, local and national governments, NGOs, labour unions, environmental protection agencies, and organisations involved in mobility and multi-modal transportation solutions.

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

FAURECIA

Faurecia has implemented permanent dialogue with a certain number of its stakeholders:

- research partners: technological development and innovation are major priorities for Faurecia. Faurecia has continued its policy of partnership with the academic world in 2012 by signing strategic partnership contracts such as the Fraunhofer ICT (*Institut für Chemische Technologie*) in Germany or the establishment of new industrial chairs with SUPELEC and ESIGELEC for mechatronics, with the Ecole Centrale de Paris and the University of Munich for assembly lines and logistics and with the University of Dortmund on metals transformation. These chairs are in addition to the industrial composites chair with the Ecole Centrale de Nantes, which aims to study manufacturing materials and procedures compatible with automobile cycle timings. Furthermore, Faurecia, wanting to position itself across the entire life cycle of its products and generate 100% natural materials for semi-structural applications, also launched a partnership in 2012 with Mitsubishi Chemicals which will supply a resin similar to polypropylene, PBS (Poly Butylene Succinate);
- suppliers: every year conventions are organised with an official awards for performance in different areas: logistics, quality, innovation etc. Faurecia also organises Strategic Supplier Meetings, in which the Group discusses strategies to improve mutual development and Tech-days to promote innovation. In 2012, a specific supplier adaptation was made to the Faurecia Excellence System (FES), (SES - Supplier Excellence System): shared working sessions, visits to the Group's best plants and specific training is now organised to develop supplier skills and support them. Faurecia ensures supplier reliability, not only in terms of product quality, but also in terms of meeting CSR (Corporate Social Responsibility) criteria;
- customers: Faurecia is involved in all stages of developing the equipment required by its customer carmakers, from defining the product specifications to the initial marketing;
- industrial or business partners. In 2012, Faurecia built new partnerships or strengthened existing ones: for example, for the Interior systems business, Faurecia signed a joint venture agreement with Rush Group Ltd., a company which belongs to the Rush Group. The joint venture, named Detroit Manufacturing Systems (DMS), will be responsible for activities such as injection moulding, assembly and sequencing of interior parts in a new plant in Detroit;
- the financial community: a wide variety of public documents, including regulated information, which can be found on the Group's website www.faurecia.fr, covers the Company's business activity, strategy and financial information. Faurecia organised over 400 large-scale and individual meetings in 14 countries, which allowed for direct dialogue to take place with nine hundred institutional investors and financial analysts in 2012. Shareholders also have a dedicated area on the Faurecia Intranet where they can find out about the Group's employee savings plan;
- certification bodies: in line with the Group's environmental policy and as part of the Faurecia Excellence system (FES), Faurecia facilities are implementing environmental management systems based on international standard ISO 14001. This certification also allows Faurecia to meet its customers' requirements.

5.3.5.2. EXCELLENCE IN SUPPLIER RELATIONS: A SUPPLY CHAIN COMMITMENT

Purchasing is central to the Group's international development and to its integration in the industrial ecosystems of the countries it operates in.

The Group's Purchasing Department is responsible for the supplier relationship. Its role is to build and maintain a solid supplier base 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 handles purchasing for Peugeot Citroën Automobiles (the Group's manufacturing and support business), and for the central management functions of the Branding Department, Peugeot Automobiles and Citroën Automobiles. It also handles major purchases for the Group's banking business, Banque PSA Finance (BPF).

FAURECIA has a special status - it is a subsidiary, but also a supplier to other carmakers which are direct competitors of PSA Peugeot Citroën. This requires these units to be strictly separated, including the purchasing function. However, the principles of responsibility within the PSA Peugeot Citroën Purchasing Departments also apply to FAURECIA's relationship with its own supply chain, as both a part of the Group and a strategic supplier.

On 29 February 2012, PSA Peugeot Citroën and General Motors announced the creation of a global strategic Alliance. By joining forces and sharing the know-how of the two companies, this alliance aims to secure the profitability of both partners and improve their competitiveness in Europe. The alliance is structured around three main pillars:

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

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

5.3.5.2.1. THE GROUP'S PURCHASING STRATEGY

The critical role played by purchasing in group performance G.39

In Europe and Latin America, PSA Peugeot Citroën's purchasing amounted to €23 billion in 2012. Non-standard parts and components purchases accounted for €3.8 billion.

In the same geographical area, €19.2 billion was spent on standard parts and components used in the production of vehicles and replacement parts.

The standard parts purchased represent around 80% of a vehicle's production cost.

Total worldwide purchasing expenditure

(in € billions, in Europe and Latin America)

	2009	2010	2011	2012
TOTAL	**22.5**	**25**	**26**	**23**
Of which standard and replacement parts	17.2	20.5	22.5	19.2

€14 million of the non-standard parts and components purchases can be attributed to BPF; this division's total purchases amounted to just over €20 million in 2012. BPF's purchases consist mainly of consulting and IT products and services, and do not pose any special issues related to risk management in general or CSR in particular. They are treated the same as other similar purchases by the Group.

Supplier risk G.34

Given that the parts and components purchased from suppliers represent some 80% of vehicle production cost, these companies' technical and logistical performance and financial strength are critical to the Group's efficient operation and future growth. Temporary or permanent failure by suppliers to fulfil their commitments – the most serious risk being an interruption of parts deliveries – may lead to production stoppages and delays in the execution of vehicle, sub-assembly or industrial projects.

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

Suppliers and sectors identified as representing a higher-than-normal risk for the Group's manufacturing or finances are subject to specific monitoring. 83 suppliers were the subject of preventive and remedial Action Plans in 2012, accounting for around 7.6% of total purchases. This compares with 68 suppliers accounting for 3% of total purchases in 2011. In terms of CSR, the Group uses information related to a supplier's country, products and processes to determine whether it should be classified as high-risk.

A cross-disciplinary unit comprising purchasing, finance, supply chain management, employee relations and CSR specialists and, when necessary, experts from other Group departments, monitors the Group's fulfilment of its commitment to pay suppliers more quickly. It also ensures application of the French automotive industry's High-Performance and Best Practices Code and coordinates the Group's participation in France's PFA – a platform set up to foster on-going discussion and exchange among auto industry stakeholders – and the FMEA fund established to support automotive equipment suppliers. Finally, it works to maintain a high level of vigilance on the economic situation. It supports the Group's growth on its international projects (Russia, China) by applying its own standards there.

A purchasing strategy built on partnerships and regional integration G.34 G.38

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

The Purchasing Department is pursuing this objective via four avenues:

- **locating purchasing teams as closely as possible to host communities;**
- strengthening supplier relationship management;
- using supplier development techniques;
- incorporating **sustainable development** criteria into its supplier relations policy.

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

5.3.5.2.2. LOCATING PURCHASING TEAMS CLOSER TO GROUP MANUFACTURING FACILITIES TO ENSURE MORE EFFECTIVE INTEGRATION INTO HOST REGIONS

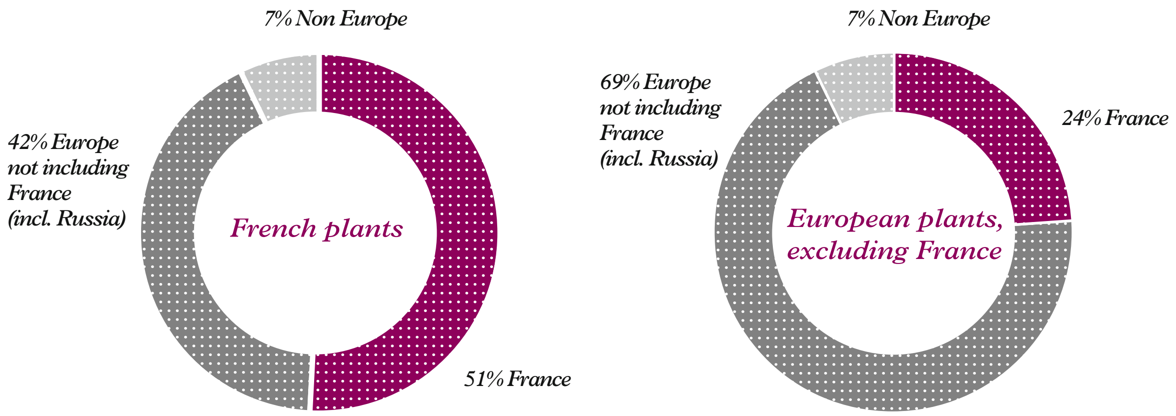
Local content is a major focus of PSA Peugeot Citroën's purchasing strategy G.34

- In the Porto Real plant in Brazil, an average of 75% of the parts are sourced from Latin America.
- In the Buenos Aires, Argentina plant, around 65% of the components used are sourced in Latin America.
- 93% of the parts used in the Group's plants in France are sourced in Europe.
- As a reminder, locally-sourced parts (Central and Eastern Europe) for the Trnava plant in Slovakia grew from 5% in 2005 to 53% at the end of 2012.

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

In line with PSA Peugeot Citroën's strategy of international expansion and local integration, the Purchasing Department's 1,345 employees are located as close as possible to the Group's target markets.

Origin of standard parts by location of vehicle production plants



Manufacturing sites of original parts, as a% of sales.
Original/replacement purchases 2011 Europe: European Union

Two examples of the Group's commitment: the French automotive industry and the Brazilian cluster

Since the French government's February 2009 Automotive Summit, the government and car manufacturers have been working together to bolster the country's automotive industry. The PSA Peugeot Citroën Group's commitment in this area has continued to grow since then: four regional delegates work alongside state departments to support tier 1 and 2 supplier companies for key accounts. More than ten PSA Peugeot Citroën managers actively participate in the French government's automotive industry support platform (PFA), France's 14 regional automotive industry associations (ARIAS), and the country's competitive clusters. The Group also provides financial assistance to these organisations. Half of the PFA's funding for the next two years, which should amount to some €10 million, is slated to come from France's main car manufacturers and parts suppliers.

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

- restructure strategic and particularly vulnerable areas of the automotive industry;
- boost automotive companies' skills by promoting industrial excellence and implementing CSR policies;
- focus innovation on the industry's main strategic and societal challenges;
- develop skills in emerging automobile- and mobility-related fields while making the industry once again attractive;
- work with regional economic development organisations to support local companies and create local jobs.

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

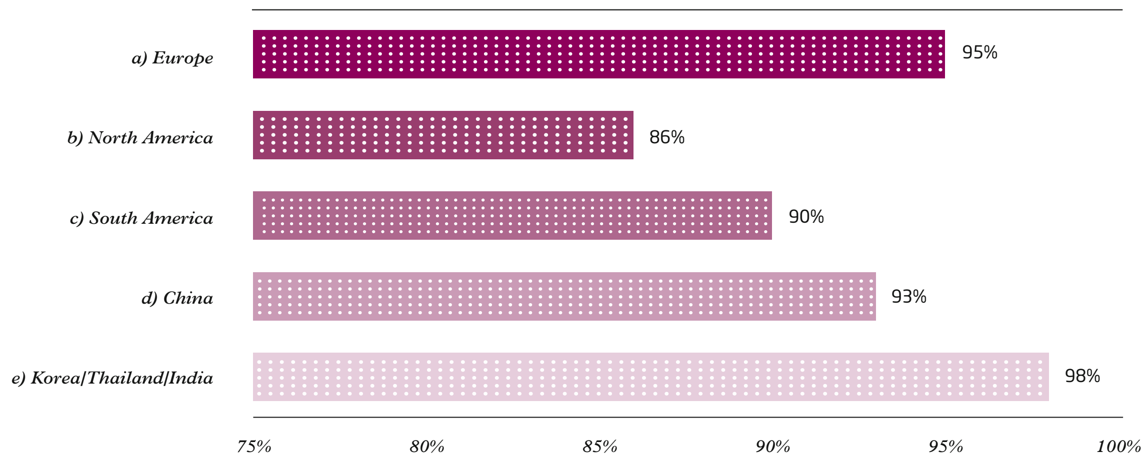
PSA Peugeot Citroën is also a major contributor to the French government's Automotive Parts Suppliers' Modernisation Fund (FMEA), providing a third of the Fund's capital. The FMEA plays a key role in supporting the industry's small- and medium-sized businesses.

Building on its success in creating an automotive industry cluster in Galicia, Spain (the CEAGA), PSA Peugeot Citroën – in association with other car manufacturers and major parts suppliers – initiated a project in 2012 to create another such cluster around its production plant in Porto Real, Brazil. The cluster will aim to boost the local industry's competitiveness and foster local economic development through partnerships with public- and private-sector organisations like local parts suppliers, universities, and government agencies.

Faurecia

Faurecia's ambition is to purchase as close as possible to industrial operations to help develop local industry, and minimise the associated logistical costs and impacts.

86% to 98% of standard parts are sourced locally, depending on the regions where the Faurecia production plants are located (2012 figures).



Locally-sourced products account for almost 100% of non-production purchasing.

PSA Peugeot Citroën: France's leading buyer from the sheltered and supported employment sector G.37

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

5.3.5.2.3. INCORPORATING SUSTAINABLE DEVELOPMENT CRITERIA INTO THE SUPPLIER RELATIONS

Corporate social responsibility criteria extended to suppliers G.39 G.42

PSA Peugeot Citroën intends to make compliance with its corporate social responsibility requirements a core component of its purchasing policy, alongside quality, deadlines and cost. For example, one of the key criteria in the supplier approval process is compliance with International Labour Organisation principles. Failure to respect human rights entails immediate corrective obligations. Failure to implement these actions leads to penalties and suppliers may be removed from the panel.

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

PSA Peugeot Citroën's corporate social responsibility standards are:

- based on a personal commitment from managers. Since 2010, the Group's Code of Ethics makes specific reference to the integration of ethical and environmental criteria in supplier relationship management. The Code has already been signed by all of the Group's executives and senior managers and is now being distributed for signature by other employees; over 20,000 Group employees had signed as of end-2012;
- defined in a set of dedicated guidelines for suppliers. The guidelines make specific reference to the United Nations' Global Compact, the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption;
- distributed to the Group's largest suppliers and to suppliers associated with high-risk countries or product families. These suppliers are asked to formally pledge to comply with the PSA Peugeot Citroën guidelines or to demonstrate their compliance with equivalent guidelines. Nearly 850 suppliers had made this commitment as of end-2012, accounting for 92% of the purchasing budget managed by the Purchasing Department;
- incorporated into the fundamental principles of supplier relationship management, in contractual documents such as supplier approval letters and purchasing terms and conditions, and in the Group's purchasing processes.

A sustainable development policy backed by training and awareness initiatives and on-site audits

- Buyers are made aware of sustainable development issues during training sessions organised by the PSA Peugeot Citroën purchasing skills training centre. Since 2008, around 360 people have been trained in Europe and just over one hundred in Latin America. In addition, the Purchasing Department's sustainable development unit regularly holds meetings with managers from operating Purchasing Departments to keep them informed of sustainable development issues.
- Targeted awareness initiatives are carried out among suppliers in high-risk areas via self-assessment questionnaires.
- Social and environmental audits are conducted at selected suppliers' sites in accordance with the risk level associated with their country, products or processes. Since 2010, around 40 social and environmental audits have been conducted on Tier 1, Tier 2 and Tier 3 suppliers and around ten follow-up inspections.

A significant contribution to the Group's environmental objectives

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

Faurecia

Faurecia's Code of Ethics, the operational principles of which are outlined in Chapter 7.2.4.1 defines the behavioural principles which apply daily to all Faurecia staff in their internal and external relations and their partners, and sets out the way the Group intends to put into practice its values of respect for customers, shareholders, people and the environment.

The Group has a real desire to implement a sustainable purchasing policy. With this in mind, Faurecia ensures supplier reliability, not only in terms of product quality, but also in terms of meeting CSR criteria, such as:

- respect for the law;
- abolishing child labour;
- eliminating all forms of forced labour;
- respect for the environment;
- protecting health and safety in the workplace;
- freedom of expression and social dialogue;
- equal treatment;
- ethics and rules of conduct, especially anti-corruption.

The Code is part of the fundamental principles of the supplier relationship, especially in contractual documents particularly in the general purchasing conditions updated in 2011 and in the Group's purchasing process.

Suppliers are also asked to give a written commitment to adhere to this Code in their own organisation and implement it in their production chains. It is a pre-requisite to be on the Faurecia panel.

Also, at the specifically environmental level, Faurecia is rolling out an ambitious policy to avoid or minimise local and/or global problems which could be posed by car use. Via its industrial and human resources management policies, research and development, Faurecia is making an active contribution to reducing greenhouse gases and polluting emissions and improving road safety. Throughout a vehicle's life, Faurecia asks and encourages its suppliers to support it in this progressive approach.

5.3.5.3. CONSUMER SAFETY AND PROTECTION G.41

5.3.5.3.1. COMMITMENT TO ROAD SAFETY

Road safety has always been a top priority for PSA Peugeot Citroën. This commitment makes its vehicles among the safest available. The Group is focusing on technologies that have shown a proven ability to make automobiles fuel efficient and safe, at an affordable cost for the largest number of motorists.

However, addressing road safety issues involves more than just installing increasingly sophisticated onboard safety systems, which make vehicles heavier and therefore less fuel-efficient. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices. At PSA Peugeot Citroën, corporate social responsibility also means a focus on sponsoring and education. The Group continued to work to improve road safety in 2012:

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

Primary safety: avoiding accidents

Wheels, axles, suspension systems

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

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

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

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

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

Vision, visibility, speed and safe following distances

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

- innovative lighting systems: static directional lighting, Xenon dual-function bidirectional headlights in the executive segment, automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights and automatic dipped beam/main beam switching;
- a blind spot information system that indicates the presence of a vehicle (particularly a motor bike) in a blind spot zone through a pictogram in the wing mirror;
- a camera system to aid reversing;
- a panoramic view system, currently being developed, that provides a bird's eye-view of the vehicle in real time to help drivers

manoeuvre more effectively. Using data from four cameras on the front and back bumpers and two others on the wing mirrors, a computer produces a single birds-eye view of the vehicle. This can help drivers position their vehicles correctly between two lines, for example in perpendicular parking spaces;

- a Distance Alert system that indicates on the head-up display the time it would take to close with the vehicle in front at the current speed. The alert time point can be set by the driver;
- the AFIL lane departure warning system, which alerts drivers who drift across a lane by vibrating the seat on the side the lane was crossed. This function is designed to deal with certain distracting situations while driving, one of the key causes of motorway accidents;
- a speed limiter system that deactivates the accelerator pedal when the driver tries to exceed his or her pre-set speed limit. The driver can programme five frequently used speed limits into the system's memory;
- intelligent cruise control, a system that makes it easier to use cruise control in semi-dense traffic by aligning vehicle speed with that of the car in front, which is detected by a medium range radar sensor in the front-end. This eliminates the need to make frequent changes in speed and to deactivate and reactivate the system. The cruise control deactivates automatically if the distance between vehicles is too short. Torque, rather than the brakes, is used to reduce the set speed when necessary;
- automatic braking at low speed, currently being developed. When a car is travelling at less than 30 km/h, a short-range (10 m.) laser sensor embedded at the top of the windscreen detects objects that could cause a collision if the driver does not react. The system activates automatic braking to avoid hitting the car in front or, in certain cases, to slow the vehicle down so that a collision would be less serious. The driver can retake control at all times. To optimise braking distance, the system anticipates by pre-filling the braking circuit with fluid;
- automatic braking at high speed (faster than 20 km/h) mainly for emergency braking on highways and motorways. The system functions similarly to the low-speed automatic braking (laser capture) and brakes automatically if it detects an obstacle or intensifies the driver's braking to avoid impact or reduce the severity of a collision by reducing the impact speed.

Ergonomics and human-machine interface (HMI)

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

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

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

Secondary safety: protection during an accident

Body structure

Whatever the kind of accident, the structure of the vehicles, thanks to their level of resistance and absorption of energy gives the best possible protection to occupants.

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. The passenger cell becomes a real survival cell by reducing strain and intrusion.

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

Peugeot and Citroën vehicles are equipped with up to nine airbags:

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

On some models, the active bonnet automatically rises in the event of a crash with a pedestrian using an impact sensor and a pyrotechnic mechanism. It acts as a shock absorber, reducing the risk of head injuries to the pedestrian's head.

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

Restraint systems

Restraint systems – which include ISOFIX attachment points for child seats, seatbelt load-limiting retractors and adapting airbags are all carefully calculated to maximise protection for everyone in the vehicle, regardless of their age or where they are seated. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. These systems adjust occupant restraints while limiting pressure on the chest, thereby reducing the frequency of thoracic and abdominal injuries. Buckle-up reminders sound a warning and light up 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.

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

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

EURO NCAP

		Assessment protocol in effect until 2008				Test protocol in force from 2009	
Model	Year launched	Year tested	Adult Occupant Rating*	Pedestrian Test Rating*	Child Protection Rating	Year tested	*Overall rating* (overall score)
Peugeot 208	2012					2012	*****
Citroën DS5	2011					2011	*****
Citroën DS4	2011					2011	*****
Peugeot 508	2011					2011	*****
Citroën C-Zéro Peugeot iOn**	2010					2011	****
Citroën C-Quatre	2010					2010	*****
Citroën Nemo	2010					2010	****
Citroën C3	2009					2009	***
Citroën DS3	2009					2009	*****
Peugeot 5008	2009					2009	*****
Peugeot 3008	2009					2009	*****
Citroën C3 Picasso	2009					2009	****
Peugeot 308 CC	2008	2008	*****	**	***	2009	*****
Citroën Berlingo Peugeot Partner**	2008	2008	****	**	****		
Citroën C5	2008	2008	*****	**	****	2009	*****
Peugeot 308	2007	2007	*****	***	****	2009	*****
Peugeot 207 CC	2007	2007	*****	**			
The Citroën Grand C4 Picasso	2006	2006	*****	**	****	2009	*****
Peugeot 207	2006	2006	*****	***	****		
Citroën C6	2006	2005	*****	****	****		
Peugeot 407 Coupé	2005	2005	*****	**	****		
Citroën C1 Peugeot 107**	2005	2005	****	**	****		
Peugeot 807 Citroën C8**	2002	2003	*****	*			

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

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

CHINA NCAP

Model	Year launched	Year tested	*Overall rating* (overall score)
Peugeot 308	2012	2012	*****
Peugeot 508	2011	2011	*****
Peugeot 408	2010	2010	*****
Citroën C5	2010	2010	*****
Peugeot 307 Notchback	2009	2009	*****
Citroën C-Quatre	2008	2009	****
Citroën C-Triomphe	2006	2007	*****

LAB

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

Its areas of expertise are:

- accidentology, meaning the analysis of road accidents. Its database comprises some 15,000 accidents;
- biomechanics which investigates injury mechanisms and how the human body responds to accidents.

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

Tertiary safety: post accident emergency repsonse

Emergency call system

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

The new autonomous telematics box (ATB) developed by PSA Peugeot Citroën includes a SIM card and separates the telematics function from the radio, navigation and telephone functions.

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

Calls are routed to operators speaking the occupants' language, as determined by the vehicle registration number, even if the call is made from abroad. If necessary, the assistance centre can call in local first responders.

Thanks to the GPS system and the onboard GSM mobile phone link, assistance personnel can precisely locate 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 would save more than 2,000 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

	Total as of end 2010*	Total as of end 2011*	Total as of end 2012
Peugeot and Citroën vehicles equipped with the PSA Peugeot Citroën emergency call system	717,447(1)	1,016,676	1,278,048
Alerts sent to emergency services	3,968(1)	5,212	7,207
Number of countries where the PSA emergency call system is available.	10	10	13
Countries in which the PSA Peugeot Citroën emergency call service is available	France, Germany, Italy, Spain Belgium, Luxembourg, the Netherlands, Portugal, Austria and Switzerland.	France, Germany, Italy, Spain Belgium, Luxembourg, the Netherlands, Portugal, Austria and Switzerland.	France, Belgium, Luxembourg, the Netherlands, Germany, Austria, Italy, Spain, Portugal, Switzerland, Denmark, Poland, United Kingdom

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

* *Cumulative figures since its introduction in January 2013.*

In countries where the location-aware assistance service is not available, Peugeot Connect SOS or Citroën eTouch dial 112, the European emergency number, directly without transmitting information on the vehicle's location. This applies to almost 153,000 Peugeot and Citroën vehicles. In all, around 1,431,058 Peugeot and Citroën vehicles equipped with the emergency call system are on the road in Europe.

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

Victim removal instructions

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

Regular training sessions are held to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market. The Group also provides educational materials to the emergency services. In 2012, the Group donated 142 vehicles or vehicle bodies to the emergency services for use in training exercises. Meanwhile, PSA Peugeot Citroën is working with the Public Safety Services of the French Interior Ministry and the zonal victim removal group on defining an international standard for victim removal instructions. This project is being developed under the aegis of ISO, which includes Germany, Japan and the USA among others. The standard is scheduled for release at the end of 2013 and will be global in application.

Peugeot Motocycles

Safety

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

Innovation is at the core of its strategy and has allowed Peugeot 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 Metropolis three wheels, the first scooter on the market with a day running light or DRL to make it more visible during the daytime (2013).

Faurecia

Faurecia's research and development is based on some priority issues which seek to make a positive impact on consumer health and safety: controlling emissions and using sustainable materials.

For example, Faurecia has developed a set of technologies which reduce nitrogen dioxide emissions and particles from diesel engines.

5.3.5.3.2. CONSUMER PROTECTION

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

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

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

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

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

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

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

5.3.5.4. CSR AND PHILANTHROPIC INITIATIVES TO FOSTER REGIONAL DEVELOPMENT AND/OR HELP LOCAL COMMUNITIES G.37 G.35

PSA Peugeot Citroën is firmly convinced that mobility is a global societal challenge and a fundamental right. It has an effect on all lives and goes hand in hand with economic development. It is based on discovery, independence, progress and innovation. After more than 200 years in the automobile industry, 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 carmaking competencies.

Its beliefs are backed up by ambitious CSR initiatives, and notably a global and local philanthropic policy geared towards audiences and local communities worldwide.

5.3.5.4.1. CSR INITIATIVES: COMMUNITY INVOLVEMENT

CSR action plans for the different brands

Initiatives supported by the Peugeot brand

In the UK, Peugeot carried out a major fund-raising campaign among employees and its network for the charity Children in Need. The company raised over £500,000, to which Peugeot UK added another £50,000.

In Argentina, the Company introduced a programme called Imagination by Peugeot to build awareness on three key issues: Road safety, Education, and the Environment It worked with experts on each of these issues to provide training, raise awareness and communicate important messages. A total of 885 hours of training were given under this programme to 6,400 students in 71 schools in 59 cities across the country.

Initiatives supported by the Citroën brand

Citroën continued the partnership it signed in 2009 with the "*Action Contre la Faim*" association to celebrate their respective birthdays: 90 years for Citroën and 30 years for "*Action Contre la Faim*". In 2012, 85 Citroën employees – even more than in previous years – took part in a fund-raising race held by "*Action Contre la Faim*" in Paris, clocking up a total 1,448 km to fight hunger.

For the past four years Citroën has been giving Christmas gifts (mainly miniature cars and video games). In 2012, the Company gave out 4,500 such gifts to children at hospitals in France, Germany, Czech Republic, Italy, Belgium, Spain, the Netherlands, and Austria.

In Spain, Citroën donates funds and equipment (mainly vehicles) to numerous charities, training, and welfare-to-work programmes, primarily geared towards young people.

In China, Citroën continues to support "Red Crayon", a charity that helps improve learning conditions and stimulate the creativity of minority children in western China.

Through its CAPSA joint venture, Citroën sponsored the Shanghai Biennial 2012 modern art fair as part of its long-standing tradition of supporting the arts. More specifically, the Company sponsored the "DS Inter-city Pavilion" that aims to promote culture and modern art in today's cities.

CSR action plans for the different subsidiaries

The subsidiary **BPF** encourages all its entities in France and around the world to sponsor worthy causes like:

- mobility for the disadvantaged: BPF's French subsidiary, Crédipar, donated a motorised tricycle to the Maison de Marie home for the disabled in 2012, so people with mental or physical handicaps can get around more easily. This donation was made in partnership with the PSA Peugeot Citroën Foundation;
- initiatives to support disabled people. In Poland, BPF donated used mobile phones to a charity for the handicapped;
- emergency outreach: BPF's UK subsidiary supports the charity Children in Need, and carried out a major fund-raising campaign in 2012;
- medical research initiatives: Employees at BPF's subsidiary in the Netherlands took part in the relay race to raise money for cancer victims;
- cultural and educational programmes: BPF's China subsidiary took part in a fund-raising drive organised by the Asia Management for the "Red Crayon" initiative to buy books, toys, clothes, and sporting equipment for poor children in Guishu.

Faurecia employees, in France and overseas, regularly work on community initiatives. The FUELS programme ("Faurecia Unites with Employees for Local Service") was launched in 2010 and covers all of Faurecia sites in North America (United States, Canada and Mexico). Throughout September 2012, employees of the 45 Faurecia sites involved collected almost 300 tonnes of non perishable food items for local food banks, equating to 730,000 meals which were distributed to families in need in cities where over 17,000 employees of Faurecia North America live and work. A cheque for USD 5,000 was issued by Faurecia North America to two food banks chosen by the two sites which collected the most food items per employee to further support them in their work. Also, USD 500 were handed over on behalf of all the sites which met their collection targets. 2012 was a record year for the FUELS programme as the collection was four times bigger than the target set by the participants. Since it was established, FUELS has collected the equivalent of over 1.3 million meals in total.

Local CSR plans

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

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

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

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

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

Local economic development

Local economic development here refers to training, employment, welfare-to-work schemes, and programmes for the disadvantaged. It accounted for 39% of spending in 2012. Several sites have donated IT and mechanical equipment (gearboxes, engines, transmissions etc.) to vocational training establishments. Many visits are organised to benefit school-age children and teach them about the world of industry. Some experts working at the plants also participate in exchange programmes with university professors and/or students to share their knowledge.

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

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

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

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

Mobility solutions

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

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

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

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

Several car bodies were donated to local fire brigades to practice removing victims from cars. Other vehicles are also given to the police (Mulhouse, Vélizy).

Cultural initiatives

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

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

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

Volunteerism and skills donation

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

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

5.3.5.4.2. SOCIETAL INITIATIVES: THE GUIDING THREAD OF MOBILITY

The Company's Foundation

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

The Foundation's initiatives reflect general interest structures around the world: 79% of projects are located in France and 21% overseas, with special emphasis on the Group's areas of development.

The initiatives come from associations, NGOs and employees, or grow out of projects supported by the Group's plants and facilities. Projects are submitted online via the Foundation's trilingual website (French, English and Spanish);

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

a. mobility and Integration (23% of the funds allocated in 2012); these funds were spent on initiatives to help integration into society and the workplace;
b. mobility and social urgency (25% of the funds allocated in 2012); these funds were spent on initiatives to help those on low incomes;
c. mobility and educational and cultural initiatives (26% of the funds allocated in 2012); these initiatives use mobility to promote equal opportunities or give troubled young people a second chance;
d. mobility and disability programmes to give the disabled greater independence and an improved quality of life (14% of 2012 donations);
e. mobility and the environment initiatives to build awareness about sustainable mobility and the preservation of biodiversity (12% of 2012 donations).

A. Mobility and integration

The Foundation supports community organisations in urban areas that offer mobility services to people referred by social services. The goal is to remove the obstacles for the unemployed to receive training or find a new job. The Foundation supports mobility services via associations which provide mobility services, driving schools, services targeted to boost the mobility of young people, and charitable car repair services.

Mobility platforms

These platforms offer a range of different mobility services for a given region, such as mobility assessments, reduced-rate car rentals, carpooling, door-to-door transportation services, and assistance for obtaining a driver's license.

Mobilex: This not-for-profit organisation, based in Bischwiller in the Bas-Rhin département of eastern France, offers transport services to people who face obstacles finding a job because they live in an area without good public transport. It is aimed at job seekers, welfare recipients and those aged under 26. Its services can be used to attend training, work or interviews. Mobilex helps around 1,500 people each year through four types of services: counsellors who give personalised advice on finding the right mobility solution; car and motorcycle rental services; assistance for obtaining a driver's license; and door-to-door transportation services. As a French state-certified welfare-to-work centre, Mobilex also employs 12 people who are being trained on car mechanics and personal transport. The Foundation has financed eight new motorbikes and three scooters to renew the vehicles available to the platform. To meet the needs identified in the mobility assessments, the Foundation also supported the creation of new advisor roles in two rural areas of the département. These counsellors work with assistance-seekers to perform mobility assessments, identify their mobility needs, and put the right solution in place.

Community-based mobility services

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

Régie de quartier de Bron: This not-for-profit organisation is based in Bron (near Lyon, France), where the number of people over the age of 75 rose sharply between 1999 and 2006 – creating special mobility needs. In response, the organisation launched the Mobi-seniors initiative. The goal is to prevent the elderly from becoming isolated and to build intergenerational ties. Mobiseniors wants to tackle isolation and strengthen the links between different generations. It is not only about transporting elderly people, it also provides personal support and an opportunity to create social bonds. Mobi-seniors has been running since September 2012 and has already helped over 20 people. The Foundation donated the car used by the service.

Driving schools

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

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

Mobility for young people

The Foundation supports associations which helps young people from disadvantaged backgrounds to become independent and find work. Mobility is key to achieving this. The Foundation's support consists of financial assistance for obtaining a driver's license, transport subsidies, and reduced-rate motorcycle rentals.

FRATELI: The association helps young people from modest backgrounds who performed well in high school and who are enrolled in a higher education programme on a scholarship. The organisation assigns a mentor to each student to accompany him or her throughout his or her studies. The mentors have between one and ten years' professional experience, and provide moral support, help students manage their workloads, offer career orientation advice, and invite students into their professional networks. Today Frateli boasts 900 students and 900 mentors, bringing in 250 new students and mentors each academic year. It also provides financial assistance to cover unexpected or higher-than-expected costs, school and entrance exam registration fees, and moving costs – as well as commuting costs. It asked the Foundation to open a mobility grant This grant is intended to help students who live in areas without good public transport and who would otherwise have a long or difficult commute to school. In 2012 the Foundation financed 28 driver's licenses and the commutes of 64 students.

Community garages

The Foundation supports community garages. These are 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.

Roul'bien: Roul'bien, in Le Creusot, France, received funding for equipment for the workshop (hydraulic ramp, tools) from the Foundation. To help Roul'bien get started, the Foundation financed the purchase of essential tools and equipment like a hydraulic ramp. The garage aims to hire eight employees (mechanics and office staff) from the local unemployed.

B. Mobility and emergency outreach

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

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

PSA Peugeot Citroën employees also occasionally volunteer their time to support the organisation's field staff and telephone hotline. For instance, in 2011 they provided around 100 man-days of driving services provided by volunteers, and performing action research on the health of the homeless. The research project was carried out by the Samusocial Observatory and financed in part by the Foundation. In 2012 the Foundation also supported the Samusocial of Paris in its search for volunteers. Samusocial of Paris was founded in 1993 to provide emergency assistance to the city's homeless. It offers them shelter and provides essential medical, psychological, and social services. Some 11,200 people receive aid from the organisation each year. Each day it cares for 19,000 families staying in 376 different hotels. 50% of these families are single mothers with children.

Action contre la Faim (ACF): This NGO recently sent personnel to the Sahel to support populations threatened with a hunger crisis. The Foundation donated two vehicles that were vital for transporting food and medicine and carrying people to clinics in Burkina Faso, Mali, Mauritania, Niger, and Chad.

Trnavaska Arcidiecezna Charita (TADCH): The Foundation financed the purchase of a vehicle for this Slovakia-based NGO set up in 1995, so its team of aid workers can go out and provide vital support to isolated and vulnerable elderly people, poor families and the homeless in the city of Trnava. The organisation works with a team of nurses who assess these people's needs in terms of medical equipment and care and perform first aid. Founded in 1995, the organisation now helps over 300 people each year.

Italian Red Cross: The Italian Red Cross has set up a mobile service to provide home care for the poor. Thanks to this vehicle, staff can assess poor families' conditions on-site and give them basic food, personal hygiene products, and clothing. The service has already assisted around a hundred families in Milan; the Italian Red Cross now plans to expand it to Milan's suburbs and surrounding towns. French Red Cross: The Foundation's support to the Italian Red Cross illustrated the Red Cross' growing need for mobility solutions.

French Red Cross: The support lent to the Italian Red Cross showed there was a growing need for mobility for Red Cross teams, so, in 2012 the Foundation launched a new programme with the French Red Cross, called "Red Cross on Wheels". This nation-wide initiative aims to reach out to isolated families and individuals in response to the country's higher rates of poverty, aging population, scaled-back public services, and difficult-to-access areas. The Foundation decided to join forces with the Red Cross in order to take long-term action to overcome these challenges. In 2012 the organisations mapped out a set of best practices for mobile care units, which were then used to establish operating procedures and identify the required equipment. In 2013 the partnership's three-year-long efforts will materialise in a set of mobile care units funded by the Foundation. These units will go out to families to provide basic food and clothing, psychological support, and social outreach. The mobile care units will serve anyone in need, and are intended to provide a warm, welcoming place to combat loneliness. They will be adapted to the specific needs of each community they visit. This initiative is part of the French Red Cross' strategy to develop new ways of providing care while encouraging autonomy, to offer a large palette of services that can meet the specific needs of different families, and to reach out to people in need wherever they may be. With its "Red Cross on Wheels" initiative, the Foundation hopes to make it easier to provide humanitarian assistance to anyone who needs it, including those living alone or in hard-to-reach areas.

C. Mobility and educational and cultural action

26% of the Foundation's donations in 2012 went to 18 initiatives in the field of education and culture Most of the cultural projects supported by the Foundation are in France.

Education

The Foundation believes that by using mobility to give at-risk youth greater access to educational and cultural programmes, it is also promoting equal opportunity and giving these youth a second chance. That's why it works hand-in-hand with community organisations focusing on these issues, in both urban and rural areas.

Sport dans la Ville: This not-for-profit organisation aims to help young people from at-risk neighbourhoods in greater Lyon forge social ties and find gainful employment. To do this, it builds sports facilities in the heart of these areas and maintains them so that they remain in good condition and attractive to young people. The association has built 21 centres in the Rhône-Alpes region, and one in Sarcelles in Ile-de-France. These centres hold physical fitness classes every Wednesday and Saturday, with the goal of promoting solid values like respect, diligence, and hard work. Each young person spends an average eight years in the structure. This supports 3,000 young people per year. The centres also offer job support programmes targeted to different age groups. For example, «Job dans la ville» is aimed at those aged 14-20. They are supported and sponsored to enter the corporate world. the «Apprenti'Bus» is aimed at 7-11 year olds. This original idea is supported by the Foundation and is based on making learning fun. Every day after school, a bus painted with bright colours parks near the centres. Unconventional lessons are given to improve reading, writing and speaking skills. Every afternoon when children get out of school an attractively-designed bus waits for them near the centre. Special classes are given on the bus to help sharpen their skills. In 2012 the hardest-working students were given a special reward; the Foundation, in association with the Peugeot brand, treated them to a day at the French Open tennis tournament on its "Children's Day" in May.

Maison des Ados de la Corrèze: This counselling centre for teenagers in Corrèze, France, had the clever idea of launching a mobile unit to reach teens who cannot travel to the centre. The mobile unit gives these youngsters a confidential place to discuss their problems anonymously and free of charge. The Foundation helped the centre purchase a minivan that can park near local schools. In the 18 months since it was created, the mobile unit has assisted some 400 teenagers, 60% of which were middle-school students.

Enfance Partenariat Vietnam: This Vietnam-based NGO recently opened a workshop for repairing motorcycles at its youth centre in Long Hai which looks after around 100 young people. The centre supports around a hundred disadvantaged youth; the workshop – for which the Foundation provided tools and an instructor – gives around 15 of them vocational training so they get a head start in the job market. The centre aims to eventually train 50 students a year.

Culture

The Foundation supports initiatives linked to mobility and culture. The aim is to reach out to those who find it hard to access transport or cannot get around. The Foundation also backs mobility-themed cultural events intended for the general public.

MuMo, The Mobile Museum: MuMo is the first mobile museum created exclusively to take modern art to children. The museum was born from a belief that art is an excellent way to open minds and foster the sharing of ideas. MuMo was designed by renowned architect Adam Kalkin and takes the form of a shipping container that can be installed on the back of a truck. The container opens to reveal four distinct areas underneath a monumental sculpture by contemporary artist Paul McCarthy. The museum boasts a collection of works from world-famous artists like Daniel Buren, James Turell, and Huang Yong Ping. On its first tour, which ran from October to December 2011, MuMo stopped at around 20 French cities, crossing the country from north to south. It then went to Cameroon, Benin and Senegal. The globetrotting museum has already travelled some 18,000 km and delighted over 20,000 children. For the second consecutive year, the Foundation chose to be MuMo's sponsor. This year the museum will cross France from west to east with stops at the Group's plants in Metz and Mulhouse, where 150 children of employees will be anxiously waiting.

Pro Musicis: Pro Musicis promotes the careers of young world-class musicians and helps share their artistic inspiration with children and adults who do not have easy access to concerts. The association created the International Pro musicis prize which recognises young talent. It decides the winners at public concerts. In return, the winners also give two free "sharing concerts" with the same programme (one in the Paris region and one in another French city). The Foundation supports Pro Musicis, which brings the beauty of music to over 1,500 people every year.

***Cité de l'architecture et du patrimoine*:** «Moving around: When our movements shape the city» The Foundation sponsored this exhibition, designed by the *Cité de l'Architecture* which traces the role that transportation has played in the development of cities. It ran from April to August 2012 and attracted some 45,000 visitors. The exhibition also included a fun path that evokes all the senses to propel visitors into the city of the future.

D. Mobility and disability

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

Avenir dysphasie*: This charitable organisation provides support to parents of children with specific language impairment (SLI), helping them find suitable medical care and schooling. It also helps young adults with the disability enter the workforce. Not having a driver's license can be a major obstacle to employment, but most driver's license testing centres are not equipped for people with SLI. The association has worked on pre-driving-school training classes on the French highway code. Since then, the Foundation has financed four sessions. These classes are tailored to individuals with SLI, so they can get a head start before joining a regular driving school. 40 people benefited from this pre-training this year. This initiative is in response to growing demand. Avenir Dysphasie plans to offer the classes in the Alsace region of France as well.

Fondation Bobath: At the treatment centre run by this Spanish foundation, 200 handicapped children receive daily physical therapy to develop their motor skills. The PSA Peugeot Citroën Foundation helped finance the purchase of a vehicle with a wheelchair ramp that can take children with cerebral palsy to their physical therapy sessions. The goal is to enable them to do more things on their own – like feeding themselves and using a computer – and help them be a part of mainstream society.

Institut médico-éducatif Marie-Jeanne Sirlin: This medical rehabilitation institute in Dannemarie in the Alsace region of France offers athletic and psychomotor development activities to people with a mental disability. The Foundation financed the purchase of three therapeutic bicycles and three specially-adapted tricycles that families can also borrow, like for weekend outings, for example. The institute consists of five centres each specialised in a different age group, from preschoolers all the way to the elderly. The centres provide care to around 200 people.

E. Mobility and the environment

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

All China Women's Federation: The aim of this project is to build awareness about sustainable mobility among Chinese children and their parents. The programme was launched in 2011 and is slated to last five years. The Foundation provided funding for educational brochures and posters for schoolchildren in Beijing, Guangzhou, and Shanghai – an initiative that should be expanded to other Chinese cities as well. PSA Peugeot Citroën employees also take part in the programme by volunteering their time to hold workshops and chaperone school outings, for example. In 2012, 132 employees gave their time to this programme. In December, its contribution to sustainable development was rewarded by the "China's Best Corporate Citizenship Award 2012", organised by 21st century Business Herald. Since 2011, this initiative has benefited 800,000 children and their families.

Office for Insects and their Environment: Since the insect museum in Guyancourt was closed in July 2011, Office pour les Insectes et leur Environnement has been travelling to schools and communities to continue its awareness-building mission. The Foundation helped finance a vehicle Decorated like a yellow school bus and fitted to contain the organisation's teaching materials, the organisation can reach out to a broader audience and take part in conservation-related events across the country. It aims to reach 15,000 children and adults each year.

F. Sponsoring skills

In 2012 the Foundation's close relationship with certain general interest structures allowed an experimental skill sponsoring system to be implemented. Based on agreement between the employee and the Company, five employees have lent their know how to the NGO.

The City on the Move Institute (IVM)

The City on the Move Institute, or IVM, was created in 2000 and has become a key player in the field of research and innovation on urban mobility. Its activities in Europe, China and Latin America earned it plaudits during the year from leading international institutions, such as UN-Habitat and the World Bank. Its work and demonstrators on the inclusive and social aspect of transport systems, on the potential for developing new services, particularly in the suburbs and newly expanding districts of Chinese cities, on the need for quality in transport spaces and inter-modal transport, are now recognised as benchmark studies by town and transport professionals alike. The IVM pursues an original approach, working with multi-disciplinary academic fields, with major world cities open to innovation and with representatives of the community and NGOs. In 2012, the Institute

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

developed its investigation of the new socio-economic challenges posed by the development of home services and their implications for day-to-day transport needs and organisation ("City at Home"): a number of social experiments are being studied in partnership with Mu by Peugeot in the Franche Comté region. The IVM is also continuing its Europe-wide comparative study on potential innovations and improvements to taxis in suburbs and small towns.

The most important events in 2012 were as follows:

1. **the making of movement**, an international research and dialogue programme on representations of the city and the mechanisms of public action in transport policy gathered together more than 300 people from all over the world representing academia, the corporate world, local authorities and the professions, at a conference in Paris on 26-27 March. The conference was entitled «What is it that drives public action on urban mobility issues?» and centred around four events:
   - opinion-sharing between researchers starting from concrete studies in fifteen towns around the world,
   - a survey of 700 students worldwide on their dreams for the city of tomorrow,
   - the Young Researcher Prize, jointly awarded for two studies: an analysis of the controversies surrounding the building of the commuter rail service in Brussels and an analysis of the failed launch of the Transantiago service in Santiago de Chile,
   - positions put by experts, fresh-eyes reports on a number of surveys, interviews with politicians, the implementation of a collaborative web platform and public participation throughout the conference via the online forum.

   All the outcomes of the conference were posted online, in various multimedia formats including a 3D film, and a digest was published. Jean-Pierre Orfeuil also published a work on greater Paris in 2012.
2. **two specific demonstrators** were set up on the theme of the **"legible city"**. The first was created in partnership with employment charities for the citizens of Greater Lyon as part of the city's mobility and insertion platform. It is an educational tool teaching about mobility via a digital interface. The second was a multi-mode information project designed and implemented on the City of Buenos Aires bus lines in partnership with the municipality and design centre;
3. the joint leadership of a symposium at the international cultural centre in Cerisy-la Salle on «the spirit of the market»: the theme of the market was dealt with in all its aspects, philosophical, artistic, design, robotic, cognitive, economic and in its relationship with cities and different modes of transport;
4. the third edition of the "**Better mobility, better life!**" awards, held in partnership with leading Chinese institutions and the World Bank. The awards recognised initiatives within Chinese civil society that invented new mobility services (car-sharing, mutual management of car parks, information, transport for children, participatory organisation, etc.);
5. **redesigned IVM website**: the new site goes live in early 2013. As well as information on past and current activities, it will now make available all the studies and work done (more than 700 documents), classified by theme and key words in the Institute's various working languages;
6. **renewal of the Science and Steering Committee.**
   Under the leadership of its new Chairman, Marcel Smets, the Committee has expanded its international dimension, appointed more women and emphasised eclecticism and diversity in its members' specialities. Most of the members are now from outside France and more than one third are women;
7. **enhanced institutional recognition for the IVM, particularly outside Europe, and diversification of partnerships.**
   Some examples of partnerships:
   - in China, the World Bank was a partner in the «Better mobility, better life!» awards,
   - the IVM is a partner of the World Urban Campaign: I am a City Changer) organised by UN-Habitat,
   - the IVM was at the Earth summit, RIO+20, organised in mid-June in Rio de Janeiro with a presentation of its activity at the Rio Pavilion and the participation in the debate on the future of cities organised by UN-Habitat; the IVM was a member of the French delegation to the urban world forum Forum and IVM Latin America was invited to present its work on the theme of The Street and public mobility space,
   - the IVM took part in the work of the Nicolas Hulot Foundation on energy transition and energy insecurity,
   - the Making of Movement project was steered by IVM with its Chinese and Latin American university chairs. The Making of the City project was run in partnership with the Paris-Est University and support from the Ile-de-France regional government, the Institut d'urbanisme et d'Aménagement d'Ile de France, the research institute of the *Caisse des Dépôts et Consignations* and with the participation of the French National Federation of Urbanism Agencies;
   - Veolia transport is a partner in the Taxis programme.

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

The Peugeot industrial heritage fund

Inaugurated in September 2010 and financed by an endowment fund heavily supported by PSA Peugeot Citroën, the Terre Blanche Archives Centre is the new home for archival materials from all of the Group's manufacturing and business facilities. After a top-to-bottom renovation to restore building features typical of 19th century industrial architecture, the Centre now houses a rare collection of historical records, photographs, technical drawings and unusual artefacts that have been brought together for safekeeping. The *Centre de Terre Blanche* will also open 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.

5.3.5.5. GOOD PRACTICE - FIGHTING CORRUPTION G.40

OVERALL GROUP POLICY: CODE OF ETHICS

PSA Peugeot Citroën's corporate culture is based on respect and responsibility, reflecting the history of the Group and of its Peugeot and Citroën brands. This ethical outlook is formalised in policies, international agreements (Global Framework Agreement) and membership of international standards. It is reaffirmed in the PSA Peugeot Citroën strategic vision statement unveiled in 2009, which is grounded in a commitment to responsible growth.

The Group's ethical approach is based on three factors: a renewed, more complete Code of Ethics, ethical governance and a structured monitoring system with a strict implementation process.

DOCUMENTS AND REFERENCE PROCEDURES

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 of ethical conduct, the Code is designed to provide employees with updated guidelines that reflect the Company's economic, social and environmental responsibilities. Its compact format ensures it can be taken on board quickly and is easy to display. Translated into 17 languages, it applies to all Group subsidiaries including BPF, apart from Faurecia which has its own Code of Ethics.

  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. 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 members of staff 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.

  This rule includes detailed instructions about fraud, anti-competitive behaviour and corruption, in accordance with the requirements of the UK Bribery Act which came into force in 2011 and the commitments taken by the Company to fight corruption (World framework agreement on corporate responsibility). It is based on the «Anti-fraud system» implemented in PCA in 2012;
- to complete the process of preventing insider trading, a Stock Market Code of Ethics applicable to members of the PEUGEOT S.A. Supervisory Board, non-voting advisors and members of the Managing Board was introduced in 2010. In April 2012, a second code of stock market ethics was implemented which applies to members of the Group's General Management Committee;
- As for its suppliers, PSA Peugeot Citroën is also vigilant: the fight against corruption and conflicts of interest is an integral part of the Group's "social and environmental responsibility requirements issued to the largest suppliers and those in countries or purchasing families considered to be at risk".

In addition to this general system and the Group's reference documents, other procedures have been introduced in certain corporate departments or subsidiaries depending on the identified risks or particular legislation.

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.

BPF has implemented, by virtue of CRBF Regulation No. 97-02 of 21 February 1997 procedures and systems to prevent risks which any financial institution may encounter, especially in terms of its control and ethics policy, the following procedures:

- a Charter of Internal control defines the fundamental principles of organisation and operation of its internal control system: this text will be circulated as widely as possible. It can be viewed on the Bank's intranet site. This Charter develops and explains the principles of role separation and for preventing "conflicts" of interest.

  By way of example, the process for allocating and monitoring staff and contractor IT rights includes a system to check the absence of «conflict» between the different rights allocated. Also, each entity of the BPF group must ensure, when producing and revising its instructions, procedures and powers and when it reflects on its structure, to adhere to the principles of role separation and prevent conflicts of interest. 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 BPF framework agreement which includes local procedures, checks on risks identified for each operational process, reporting tools which allow Central Compliance to pilot the application of the Group policy and monitor if necessary the Action Plans adopted. Within this system, focus may be placed on tools for detecting Politically Exposed Persons, subject to current regulatory conditions to deepen if necessary the components of the customer relationship, especially as regards identifying the provenance of funds. In parallel, Banque PSA Finance has an automated tool for detecting persons whose assets have been frozen so that they do not enter into a relationship with them.

Internal LCB-FT training is encouraged to give targeted practical training to staff according to their exposure to risk;

- finally, in addition to the various systems described above, BPF has implemented a professional alert system which allows any Group employee to inform the Central Compliance Manager 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.

Faurecia

By signing the global compact in March 2004, **Faurecia** committed to respect and promote the ten principles of the Compact, notably based on the United Nations Convention against corruption. Faurecia, a subsidiary of PSA Peugeot Citroën, has implemented its own ethics approach and produced an ethical charter in 2007 which incorporates the commitments of the Global Compact. This Code was presented to the European Works Council in April 2007 then was discussed with the labour management partners in the Group's different countries. It was then individually circulated to each Group employee. It is sent to every new employee and is available in 14 languages on the Faurecia website and on its intranet. It is part of the FCP ("Faurecia Core Procedure") and seeks to increase responsibility and involvement of the Group's staff. Its knowledge in the plants is systematically checked during Internal Audits.

This Code is structured around four themes: respect of fundamental rights, increasing economic and social dialogue, increasing skills, ethics and behavioural rules.

It also includes an alert procedure if the Code of Ethics is breached.

The ethical principles and behavioural rules are:

- use of Group funds, services or assets: Any financing of political careers is prohibited, as is any illegal payment to administrative authorities or their staff. Assets, liabilities, expenses and other transactions performed by Group entities must be recorded in the books and accounts of those entities which must be kept in accordance with the applicable principles, rules and laws;
- relations with customers, contractors or suppliers: Gifts and entertainment from customers and/or contractors are restricted. As such, it is prohibited to accept any gift or gratuity from customers or contractors worth over 50 euros per year and per business partner.

  Suppliers must be selected based on quality, need, performance and cost. As stated in the current Purchasing procedures, agreements between the Group and its authorised representatives, agents and consultants or any other contractor must clearly state the actual products/services to be supplied, the basis for remuneration or price and all other terms and conditions. This rule also prohibits any investment with suppliers and any purchase of goods or services from suppliers or customers for personal use;
- respect for the right to competition: Faurecia complies closely with applicable competition regulations in all countries where the Group is active and especially the ban on entering into agreements, contracts, projects, arrangements or coordinated behaviour among competitors concerning prices, territories, market share or customers;
- confidentiality: this rule applies to the confidentiality of employee personal data and Faurecia data relating to assets, documents and data;
- loyalty and exclusivity: Group staff and Directors must perform their contracts of employment loyally;
- conflict of interest: employees may not profit personally from a transaction performed on behalf of a Group company with customers and suppliers, notably

  Protecting the Group's assets: Group employees or Directors are responsible for the correct use of the Group's assets and resources including those linked to intellectual property, technologies, IT equipment, software, property, equipment, machines and tools, components, raw materials and liquidities.

ETHICAL GOVERNANCE AND MONITORING SYSTEM

From 2010, the Group has had an ethics committee, which reports to the Executive Committee. This committee is chaired by the Secretary General of the Group and is made up of the Group's Human Resources Director, the Quality Director, Auditing and Rick Management Director.

The Committee meets quarterly and is responsible for:

- ensuring that ethical practices are properly deployed and applied (updating the Code and operating handbooks, tracking deployment, and analysing and responding to compliance cases and questions submitted by employees);
- tracking external trends and factors, such as new risks, emerging stakeholder expectations and new legislations;
- deploying and tracking the fraud prevention mechanism.

If a case of non-compliance poses a major risk to the Company, the Committee alerts the Managing Board, which then decides whether to inform the Supervisory Board's Finance and Audit Committee.

The ethics committee relies on a global network of **12 Chief Ethics Officers** covering the geographical areas where the Group operates and responsible for ensuring that the ethical approach is deployed locally. The Chief Ethics Officers 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.

The **Group's management** and particularly their managers are called upon to assess risks of fraud in their areas of activity and their own practices with regard to the Company's ethics. They are responsible for applying the Code of Ethics in their area and for implementing suitable systems according to the risk levels identified.

Finally the Auditing and Risk Management Department checks that the processes have actually 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 system to ensure loyal practices and prevent fraud and corruption is based on the whole Group on shared principles: employee involvement, analysing risks and defining processes for controlling them, operations traceability, separation of powers and multiple signatures depending on the amounts involved, partner selection.

Fighting fraud

In 2012 a strengthened anti-fraud system was implemented in the PSA Peugeot Citroën Group, including PCA, as well as all Group entities and subsidiaries, with the exception of Faurecia and BPF who operate their own systems. 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 General Secretariat**) 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 dissuasion are performed by the Managers Directions who agree to adhere to the minimum internal control requirements: keep delegations and powers of attorney up to date, principle of the separation of tasks, dual signature principle, good practice in terms of managing access to Information Systems etc.;
- for detection, the Group's Security Department relies on a network of **12 fraud detection managers, (RDF)**, one for each Group management entity as well as **50 local security managers** (RLS) appointed within the establishments;
- investigation is performed by the Group's Security Department, while decisions/penalties are applied by the operational manager of the unit;
- as for correction and continuing improvement, analysis of fraud is performed 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 lessen the deficiencies in the system.

In total, for 2012, no less than 74 managers (not including auditors), dispersed across the Group's functions, establishments and geographical areas, ensure optimum networking of PCA and are specifically tasked with alerting and informing the Ethics Committee in the event of fraud and monitoring the implemented Action Plans.

This alert system is strengthened in the United Kingdom subsidiaries by an email whistleblowing system.

At the supplier level, it also has supplier CSR audits performed by the Purchasing Department (some 50 audits performed since 2010) which systematically involve an audit of anti-corruption policies;

Latin America

In this region, an existing local ethics committee deals with cases relating to PSA Peugeot Citroën activities in Argentina, Brazil, Chile and Mexico, in close liaison with the Group's ethics committee. The Chief Ethics Officer for the area is a member of the Group's General Secretariat and sits on this Latin America Ethics Committee and is also a local member of the Auditing and Risk Management Department.

A whistleblowing system has also been implemented in this area via the use of an intranet which is fed back to the local ethics committee as well as the Group's ethics committee.

Banque PSA Finance

In addition to the various systems described above, BPF has implemented a professional alert system which allows any Group employee to inform the Central Compliance Manager 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.

Faurecia

The Code provides for a system to manage breaches. Any employee who becomes aware of a breach of the rules set out in the Code may use an internal alert procedure; they may refer to their line manager or HR Director verbally or in writing. Depending on the nature and importance of the events reported, additional investigations may be launched, an inquiry may be set up or an Internal Audit decided upon. A strengthened alert procedure can also be started if the events relate to serious risks for the Group in terms of accounting, financial auditing and anti-corruption strategy. Events which jeopardise the physical or moral integrity of an employee may also be included in the scope of this procedure which involves an outside body being brought in which the Group has tasked with gathering data and beginning procedures. If the events reported meet the criteria above and if their importance renders it necessary, the external body will approach the Group via its Chief Executive Officer who may ask the Group's Internal Audit Department to conduct the necessary investigations.

DEPLOYMENT AND EVENTS IN 2012

Adhesion

Roll-out of the new Code of Ethics was supported by a robust cascading process, with extensive involvement by managers at every level.

In 2010, executives and senior managers, including the Group's senior executive team (780 people), were requested to demonstrate their commitment to the Code of Ethics 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 was deployed as of 2011 among executives and continued into 2012. In France, it was rolled out in successive waves until April 2012, each new wave aimed at a population level hierarchically related to the preceding one. This process aims to show every employee that their own line managers have committed to the code, as well as the top management.

At year-end 2012, 20,420 employees in 22 countries had been trained in the Code via the questionnaire, which has now been translated into 17 languages, and had formally embraced it with their personal sign-off. The process was followed particularly in departments or areas considered to be the most «at risk» of fraud or corruption: the Purchasing Department (684 signatories at end-2012), the Brand Department (6,276 signatories), the Financial Department (432 signatories), BPF (970 signatories).

The process will be rolled out in the newer Asia and Russia–Ukraine departments in 2013. The Asia and Russia Managements already include a Chief Ethics Officer, a Fraud Detection Manager and Local Security Managers for the institutions.

Training

- In 2012, 5,281 hours of training in ethical practices and in preventing corruption and conflicts of interest were attended by more than 9,120 employees.
- Among these employees, 397 were identified as being particularly concerned by these issues and were offered more in-depth instruction in preventing corruption and conflicts of interest.

  Also, 1,817 employees received specific training on equal opportunities, diversity and anti-discrimination (11,196 hours of training). A module of 11,423 hours of training was delivered to 9,050 employees on respect for internal regulations, the global framework agreement and the IT regulations.
- 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 circulated to all employees. A specific training/anti-competitive and anti-corruption action will be rolled out in 2013 by the Group's Legal Affairs Department, with units to which this relates more specifically.
- 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. Every employee has been informed of this commitment and made aware of its importance.

2012 situation

The Ethics Committee met six times in 2011, when it launched, then four times in 2012, in accordance with the quarterly operation established. Results for 2012 are as follows:

- Conflicts of interest *(Group scope, excluding Faurecia)*

  There were no major cases of conflict of interest reported in 2012.
- Corruption *(Group scope, excluding Faurecia)*

  There were no convictions for corruption in 2012.
- Failure to obey competition rules *(Group scope, excluding Faurecia)*

  There were no major convictions for infringing competition rules in 2012. In 2011, the Peugeot Turkey Popas subsidiary was ordered to pay a €6,098,648 fine. Peugeot Turquie Popas has appealed the decision. The proceedings are ongoing.

6

BUSINESS OVERVIEW

6.1. AUTOMOTIVE DIVISION

6.1.1. SIGNIFICANT EVENTS OF THE YEAR

In 2012, the Automotive Division faced a particularly difficult automobile market in Europe.

- Worldwide sales of assembled vehicles down 8.8% at 2,820,000 units.
- Sales of Group vehicles and CKD units stood at 2,965,000 units (down 16.5% following the suspension of sales of CKD units in Iran).
- Sharp increase in the proportion of assembled vehicle sales outside Europe, rising from 33% in 2011, to 38% in 2012.
- European leader once again in low-carbon vehicles, with corporate average $C0_2$ emissions of 122,9 g/km.
- Successful launch of the Peugeot 208.
- 300,000 Citroën DS sold worldwide since its launch.

In 2012, the world's automotive markets showed decidedly mixed trends. With demand European markets continued to decline (down 8.6% in Europe 30), whilst the Russian market grew by 10.6%, the Chinese market by 6.6% and the Latin American market by 5.6%.

Against this backdrop, Group sales worldwide amounted to 2,820,000 units (down 8.8%) for assembled vehicles and 2,965,000 units (down 16.5%) including CKD units.

The drop in Group sales is a reflection of the crisis being experienced by the European automotive industry. The Southern European markets, where the Group has a particularly strong presence, have been hit the hardest by this crisis (France: -13.3%, Spain: -14.9%, Italy: -20.9%). The Group's market share was 12.7% in Europe 30. Group market share equivalent to 2011 would be 13%.

In addition, the Group's decision to suspend its sales of CKD units in Iran from February onwards, following the strengthening of international sanctions and resultant funding difficulties affecting payments, impacted on Group sales in 2012.

The Group's strategy to expand its international presence has produced results. The percentage of new vehicles sold outside Europe grew sharply, rising from 24% in 2009, to 33% in 2011 and 38% in 2012. The Group confirmed its target of achieving 50% of its sales outside of Europe by 2015.

2012 was marked by the successful launch of the Peugeot 208, with 221,000 vehicles sold. The continuing ramp-up of sales of small three-cylinder petrol engines from Summer onwards was noted.

For information about the Group's strategy and objectives for 2013, please refer to section 12 below.

6.1.2. GROUP MARKETS

Market share data are taken from statistics published by the "Association Auxiliaire de l'Automobile" for Western European countries and by various local organisations for other countries.

SOUTHERN EUROPE BROUGHT DOWN GROUP SALES

The European market declined by 8.6% in 2012. Even within the European continent, markets have experienced a variety of trends with Southern Europe[1] being particularly hard hit by the economic crisis, whilst accounting for 57% of the Group's European sales in 2012. The automotive market shrank by 13.3% in France, 14.9% in Spain, 20.9% in Italy and 40% in Portugal, the countries where the Group has the greatest presence. This particularly unfavourable market mix was a major factor in the drop in Group market share which stood at 12.7%, compared to 13.3% in 2011.

In this extremely difficult market, the Group did, however, increase its market share in Italy (up 0.6 points to 10.2%). Peugeot and Citroën also profited from the robust health of the British market (+3.8%), and grew their market share by 0.2 points to 9.3%, due to the success of the Citroën DS and the strong performance recorded by the 208. On the Spanish market, the Group achieved a market share of 17.2% making Peugeot and Citroën the second and third highest selling brands.

In France, where sales of cars and light commercial vehicles were down 13.3% on 2011, Peugeot was the highest performing French brand with a total of 369,000 vehicles sold and a 16.2% market share.

The Group also confirmed its position as European light commercial vehicle market leader with a 20.8% market share.

THE GROUP'S GLOBALISATION INITIATIVE PRODUCES RESULTS

CHINA: SALES UP FASTER THAN THE MARKET

In China, the automotive market grew by 6.6% in 2012. Against this backdrop, Group sales were up 9.2% with 442,000 vehicles sold, growth thereby outperforming the market. This performance was

(1) France, Spain, Italy and Portugal.

reflected in growth in market share which reached 3.5%. Sales of Peugeot brand vehicles rose sharply (+24%) at 216,000 units.

These figures confirm the success of the Group's strategy in China. The growth in Dongfeng Peugeot Citroën Automobile (DPCA) sales will continue in 2013 due to the launch of new vehicles, the Peugeot 3008 and Citroën C4 L at the start of the year, followed by the Citroën C-Élysée and Peugeot 301, and due to the expansion of distribution networks.

In 2012, the Group's second joint venture, Changan PSA Automobile (CAPSA) launched the Citroën DS as a premium brand and constructed a dedicated sales network. The joint venture's products strategy, which includes both imported and locally produced vehicles, will enter a new phase in 2013 with the entry into production of the Citroën DS5 at the Shenzhen plant in the second half.

LATIN AMERICA: A MIXED SITUATION

The Latin American market recorded growth of 5.6% over the year due to an improvement in the Brazilian economy. Group registrations were down 8.2% to 277,000 units, representing market share of 4.8%.

The situation was mixed: in Brazil, tax measures (IPI: Tax on Industrialised products) mainly benefited the B Popular segment, a segment in which the Group does not have a presence. PSA Peugeot Citroën sales in Brazil were also impacted by the works required to increase production capacities at the Porto Real plant which have now been completed. In contrast, in Argentina, Group registrations were up 4.4% and its market share is now 13.8%. For the second consecutive year, the Buenos Aires plant was the country's top automotive production site with 129,500 vehicles produced in one year.

Sales in Latin America will be underpinned in 2013 by recent and future launches, in particular, those of the Citroën C3 and the Peugeot 208.

RUSSIA: STRONG COMMERCIAL AND INDUSTRIAL GROWTH

The Russian automotive market continued to grow in 2012 (+10.6%). Against this backdrop, Group registrations were up 7.4%, at 77,300 units, its market share standing at 2.6%, mainly due to 2012 launches: Peugeot 408, 508, 4008 and Citroën C4 Aircross, DS4 and DS5. Sales growth was particularly strong in the light commercial vehicle segment where Group registrations were up 18% in a market which grew by 4.5%.

Peugeot and Citroën continued to expand their networks which now cover over 90% of the territory and Russia's 25 largest cities. In addition, the Kaluga plant has now been fully operational since last July.

In Ukraine, the Group also consolidated its presence with a market share which grew from 2.9% to 3.4% in 2012.

In total, Group sales in the CIS (including Russia) stood at 88,000 vehicles over the year, a 110% increase since 2009.

REST OF THE WORLD

In the Rest of the World segment, Group sales were up 16.5% with exceptional performances in Mahgreb countries and, in particular, in Algeria where Group sales more than doubled (+45%) in a booming market, from 39,800 units in 2011 to 81,000 units in 2012.

6.1.3. GROUP VEHICLE MODELS

BRAND UPSCALING

Against the backdrop of a polarised European market experiencing a sustained decline, Peugeot and Citroën's upscaling strategy proved to be more relevant than ever.

In Europe, the Peugeot 208 has been diesel engine segment leader since June. As a result of this success, Peugeot was brand leader in this European segment in the second half. Finally, in December, the Peugeot 208 became the top selling car in France, all categories included.

Likewise, brand upscaling is on track. The percentage of Premium [1] vehicles has doubled in three years and now accounts for 18% of the Group's sales. The Group's world premiere of vehicles equipped with diesel hybrid technology contributed to this percentage for the first full year. With 22,000 deliveries in 2012, the Group was the second largest seller of hybrid vehicles in Europe where one Citroën DS5 out of every four, one Peugeot 508 out of five and one Peugeot 3008 out of six were sold with hybrid diesel engines.

Finally, PSA Peugeot Citroën is still European leader in terms of the reduction of CO_2 emissions, with an average of 122.5 g/km CO_2 across its range.

Premium vehicles [1] now account for 20% of Peugeot brand orders.

For its part, Citroën has sold a total of nearly 300,000 DS line vehicles (DS3, DS4 and DS5) since its launch in March 2010. In 2012, the Citroën DS accounted for 18% of all Citroën orders in Europe.

In Germany, the Citroën DS3 was voted "Best imported car" by Auto Zeitung readers.

From early 2013, the launch of the Citroën DS3 Cabrio will add to the DS line.

(1) Premium vehicles offer a level of driving pleasure, safety, quality of finish, connectivity and confort that serves as a benchmark in their segment. They include distinctive models from the A, B and C segments (Peugeot 207 CC, 308 CC, RCZ, 3008 and Citroën DS3 and DS4) and models from the D and E segments (Peugeot 508, 407, 4007 and Citroën C5, C6, DS5 and C-Crosser).

CARBON EMISSIONS REDUCTION STRATEGY

REDUCING CARBON EMISSIONS: PSA PEUGEOT CITROËN IS LEADING THE RACE AND IS OUT IN FRONT OF EUROPEAN STANDARDS

PSA Peugeot Citroën kept its place as European leader in terms of CO_2 emissions with average emissions of 122.5 g/km CO_2 in 2012 compared with 127.5 g/km CO_2 in 2011. The Group has thus already exceeded the targets set by Brussels for 2015 (130 g/km CO_2).

38.7% of vehicles sold by the Group in Europe emit less than 111 g/km CO_2, up from 30.3% in 2011.

The Group is continuing to reduce its vehicles' CO_2 emissions on the basis of four mutually-reinforcing pillars:

- optimised internal combustion engines with its family of three-cylinder petrol engines;
- micro-hybrid technologies with broader deployment of second generation Stop&Start e-HDi on diesel Peugeot and Citroën ranges
- electric vehicles;
- hybrid technologies with the launch of the Peugeot 3008, 508, 508 RXH and the Citroën DS5.

CONTINUED STRONG PRODUCT DYNAMIC IN 2013

Peugeot and Citroën will step up their sales offensive in 2013 with 17 launches worldwide, nine of which will be in Europe.

The Group will pursue its upmarket strategy in 2013 with the launch of a number of new products including the Citroën DS3 Cabriolet and the Peugeot 208 GTI and 208 XY.

To back this product dynamic, the Company plans a number of innovations, including the launch in 2013 of a global EMP2 (Efficient Modular Platform 2) for segments C and D. This new platform offers new product development opportunities:

- sharing of components over a larger number of vehicles and segments; hatchbacks, coupés, estates, CUVs, MPVs, light commercial vehicles, etc.;
- global deployment: platform comes into operation in Europe in 2013 and in China in 2014.

With an 80 kg weight reduction, 22% greater fuel efficiency, cost optimisation (15% reduction in the TCO - total cost of ownership), the platform will also significantly reduce carbon emissions and enhance the Company's competitive position. -15%).

The Group has also announced its innovative "Hybrid Air" technology, an environmentally-friendly full-hybrid petrol solution offering 45% fuel economy for city driving.

On 20 December 2012, PSA Peugeot Citroën and General Motors announced the signature of agreements as part of their global strategic alliance. In line with the framework agreement signed on 29 February 2012, both parties signed final agreements on three vehicle projects and their purchasing joint venture.

The first joint platform and vehicle development projects are:

- a joint programme for a C-MPV for Opel/Vauxhall and a C-CUV for Peugeot;
- a joint B-MPV for both groups;
- the joint development of an upgraded low CO_2 segment B platform to underpin the new generation of Opel/Vauxhall and PSA Peugeot Citroën vehicles in Europe and worldwide.

Additional joint development vehicle projects are under review and will serve to further strengthen the alliance. These will be the subject of future announcements. The first vehicles produced as a result of this collaboration are due to be launched in 2016. Opel/Vauxhall, Peugeot and Citroën models will be highly differentiated and fully consistent with their respective brand identities.

The balance of roles and responsibilities will allow both partners to reap the benefit of this collaboration:

- the C-MPV for Opel/Vauxhall, the C-CUV for Peugeot and the B-MPV for both Groups will be developed at PSA Peugeot Citroën platforms;
- GM will spearhead the development of the B-MPV for both Groups;
- an upgraded low CO_2 segment B platform will be jointly developed to underpin the new generation of Opel/Vauxhall and PSA Peugeot Citroën vehicles in Europe and worldwide.

Based on the success of their collaboration, the partners also announced their intention to develop further global initiatives to broaden the scope of their alliance and seize future opportunities:

- joint development of a next generation of high-performance, fuel-efficient petrol engines derived from PSA Peugeot Citroën's global small petrol engine programme (EB engine);
- research into new vehicle and industrial initiatives in Latin America or other growth markets.

For more information, particularly on the regions concerned, please refer to section 11.1.3 below.

6.1.4. OPERATING STATISTICS

PSA PEUGEOT CITROËN GROUP - CONSOLIDATED WORLDWIDE SALES

Continent	Brand	Year 2012	Year 2011
Europe*	Peugeot	947,600	1,101,300
	Citroën	810,600	962,100
	PSA Peugeot Citroën	1,758,200	2,063,400
Russia	Peugeot	49,900	50,700
	Citroën	38,000	32,500
	PSA Peugeot Citroën	87,900	83,200
Latin America	Peugeot	172,900	190,100
	Citroën	110,000	135,700
	PSA Peugeot Citroën	282,900	325,800
Asia	Peugeot	231,000	187,700
	Citroën	230,500	234,500
	PSA Peugeot Citroën	461,600	422,200
Rest of the World	Peugeot	153,600	126,100
	Citroën	75,800	70,900
	PSA Peugeot Citroën	229,400	197,000
Total assembled vehicules (AV)	Peugeot	1,555,000	1,655,900
	Citroën	1,264,900	1,435,700
	PSA Peugeot Citroën	2,819,900	3,091,500
Total completely knocked down units (CKD)	Peugeot	145,000	457,900
	PSA Peugeot Citroën	145,000	457,900
TOTAL AV + CKD	Peugeot	1,700,000	2,113,700
	Citroën	1,264,900	1,435,700
	PSA Peugeot Citroën	2,964,900	3,549,400

* *Europe: EU + EFTA + Albania + Bosnia + Croatia + Kosovo + Macedonia + Montenegro + Serbia.*

PSA PEUGEOT CITROËN GROUP - WORLDWIDE CONSOLIDATED SALES PER MODEL

Brand	Model	Year 2012	Year 2011
Peugeot	iOn	2,900	2,400
	107	76,400	92,100
	206	199,900	445,000
	207	147,900	296,700
	208	220,800	600
	2008	100	0
	301	4,800	0
	307	103,000	71,500
	308	184,300	204,000
	3008	108,300	135,000
	5008	52,500	72,300
	405	110,600	270,600
	407	100	2,600
	408	80,000	74,600
	508	121,700	124,200
	607	0	100
	807	4,500	6,300
	4007	2,700	7,400
	4008	9,300	0
	Rcz	11,100	18,800
	Bipper	26,000	34,400
	Partner	149,800	165,200
	Expert	29,500	32,300
	Boxer	53,900	57,700
	Others	200	0
TOTAL		**1,700,000**	**2,113,700**

Brand		Model	Year 2012	Year 2011
Citroën		C-Zéro	3,300	2,100
		C1	66,700	87,700
		C2	14,600	10,500
		C3	215,800	255,300
		C3 - Picasso	84,700	101,600
		DS3	68,200	78,400
		Zx	55,600	65,500
		C-Élysée	5,600	0
		Xsara - Picasso	4,000	8,400
		C4 - Picasso	263,800	286,200
			82,900	116,900
		DS4	33,200	29,500
		C5	76,300	101,200
		DS5	27,800	3,300
		C6	1,600	900
		C8	4,100	5,500
		C-Crosser	3,300	7,500
		C4 Aircross	17,000	0
		Nemo	28,500	34,300
		Berlingo	139,800	165,800
		Jumpy	24,900	29,000
		Jumper	43,100	46,100
TOTAL			**1,264,900**	**1,435,700**
PSA Peugeot Citroën	Passenger Cars (PC)		2,595,300	3,131,100
	Light Commercial Vehicle (LCV)		369,600	418,300
	PC+LCV DIESEL	Total PSA Peugeot Citroën	1,471,000	1,711,000
	ELECTRIC	Total PSA Peugeot Citroën	6,600	4,900
	HYBRID	Total PSA Peugeot Citroën	25,800	1,100
TOTAL PSA PEUGEOT CITROËN			**2,964,900**	**3,549,400**

PASSENGER CAR REGISTRATIONS ON EUROPEAN MARKETS

Country	Year 2012 Volume	Year 2011 Volume
France	1,898,800	2,204,200
Germany	3,082,500	3,173,600
Austria	336,000	356,100
Belux	537,100	622,100
Denmark	170,500	168,900
Spain	699,600	808,100
Finland	106,900	121,200
Greece	58,500	97,700
Ireland	79,500	89,900
Iceland	7,900	5,000
Italy	1,402,000	1,748,000
Norway	138,000	138,300
Netherlands	502,500	555,900
Portugal	95,300	153,400
United Kingdom	2,044,600	1,941,300
Sweden	279,900	305,000
Switzerland	325,900	317,000
TOTAL WESTERN EUROPE (18 COUNTRIES)	**11,765,500**	**12,805,800**
Croatia	31,400	41,600
Hungary	53,100	45,100
Poland	270,900	298,100
Czech Republic	172,500	171,600
Slovak Republic	68,600	67,900
Slovenia	50,100	60,200
TOTAL PECO	**646,600**	**684,400**
Baltic States	42,300	41,300
Bulgaria + Roumania	91,800	113,900
Malta + Cyprus	16,900	20,900
TOTAL EUROPE - 30 COUNTRIES	**12,563,000**	**13,665,800**

LIGHT COMMERCIAL VEHICLE REGISTRATIONS ON EUROPEAN MARKETS

Country	Year 2012 Volume	Year 2011 Volume
France	384,000	429,300
Germany	225,000	239,300
Austria	31,600	32,700
Belux	61,400	68,700
Denmark	24,600	24,100
Spain	77,100	105,200
Finland	12,100	15,200
Greece	3,800	6,500
Ireland	10,900	11,400
Iceland	500	400
Italy	117,400	171,300
Norway	33,400	37,000
Netherlands	56,800	59,000
Portugal	16,100	35,000
United Kingdom	247,900	266,900
Sweden	40,000	46,900
Switzerland	33,500	30,900
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,376,100**	**1,579,600**
Croatia	3,700	3,700
Hungary	11,100	11,600
Poland	40,900	47,100
Czech Republic	13,500	15,100
Slovak Republic	5,800	6,100
Slovenia	5,800	5,800
TOTAL PECO	**80,600**	**89,300**
Baltic States	6,800	6,300
Bulgaria + Roumania	15,000	14,300
Malta + Cyprus	1,800	2,800
TOTAL EUROPE - 30 COUNTRIES	**1,480,400**	**1,692,400**

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS ON EUROPEAN MARKETS

Country	Year 2012 Volume	Year 2011 Volume
France	2,282,800	2,633,500
Germany	3,307,500	3,412,900
Austria	367,700	388,800
Belux	598,500	690,800
Denmark	195,100	193,000
Spain	776,700	913,200
Finland	119,000	136,300
Greece	62,300	104,100
Ireland	90,400	101,300
Iceland	8,400	5,400
Italy	1,519,400	1,919,400
Norway	171,400	175,400
Netherlands	559,300	614,900
Portugal	111,400	188,400
United Kingdom	2,292,500	2,208,200
Sweden	319,900	351,900
Switzerland	359,500	347,900
TOTAL WESTERN EUROPE (18 COUNTRIES)	**13,141,700**	**14,385,400**
Croatia	35,000	45,200
Hungary	64,100	56,700
Poland	311,800	345,100
Czech Republic	186,000	186,700
Slovak Republic	74,400	74,000
Slovenia	55,900	66,000
TOTAL PECO	**727,200**	**773,700**
Baltic States	49,100	47,600
Bulgaria + Roumania	106,800	127,700
Malta + Cyprus	18,700	23,700
TOTAL EUROPE - 30 COUNTRIES	**14,043,400**	**15,358,200**

PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS IN EUROPE BY MANUFACTURER (30 COUNTRIES)

		Year 2012		Year 2011	
Rank	Groups	Volume	MS (%)	Volume	MS (%)
1	VAG	3,284,000	23.4%	3,333,500	22.1%
2	PSA Peugeot Citroën	1,778,700	12.7%	2,045,000	13.3%
	• Citroën	824,300	5.9%	952,200	6.2%
	• Peugeot	954,400	6.8%	1,092,800	7.1%
3	Renault Group	1,297,200	9.2%	1,582,300	10.3%
4	Ford Group	1,115,100	7.9%	1,281,700	8.3%
5	G.M.	1,087,700	7.7%	1,267,600	8.3%
6	Fiat Group	997,800	7.1%	1,161,100	7.6%
7	Daimler Ag	805,900	5.7%	818,200	5.3%
8	Bmw Group	802,300	5.7%	813,200	5.3%
9	Hyundai Group	779,700	5.6%	694,000	4.5%
10	Toyota Group	585,000	4.2%	617,400	4.0%
11	Nissan	486,400	3.5%	520,900	3.4%
12	Geely Group	231,700	1.6%	256,200	1.7%
13	Suzuki Group	156,100	1.1%	181,900	1.2%
14	Tata	141,600	1.0%	111,800	0.7%
15	Honda	140,600	1.0%	151,400	0.9%
16	Mazda	125,400	0.9%	140,600	0.9%
17	Mitsubishi	91,800	0.7%	137,200	0.9%
18	Other	84,000	0.6%	100,600	0.7%
19	Subaru	42,000	0.3%	37,400	0.2%
20	Isuzu	10,300	0.1%	33,900	0.2%

PSA PEUGEOT CITROËN GROUP REGISTRATIONS ON PASSENGER CAR EUROPEAN MARKET

	Year 2012		Year 2011	
Country	Volume	MS (%)	Volume	MS (%)
France	571,900	30.1%	692,800	31.4%
Germany	132,500	4.3%	149,500	4.7%
Austria	25,500	7.6%	29,400	8.3%
Belux	83,600	15.6%	100,800	16.2%
Denmark	28,300	16.6%	29,900	17.6%
Spain	108,100	15.5%	123,300	15.3%
Finland	6,000	5.6%	7,400	6.1%
Greece	6,700	11.5%	7,000	7.2%
Ireland	3,400	4.3%	4,000	4.5%
Iceland	200	3.1%	100	1.6%
Italy	138,500	9.9%	159,900	9.1%
Norway	9,800	7.1%	11,100	8.0%
Netherlands	65,900	13.1%	75,300	13.6%
Portugal	13,100	13.8%	22,000	14.3%
United Kingdom	173,100	8.5%	163,500	8.4%
Sweden	16,200	5.8%	15,600	5.1%
Switzerland	23,900	7.3%	28,100	8.9%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,406,700**	**12.0%**	**1,619,700**	**12.6%**
Croatia	5,100	16.3%	6,100	14.6%
Hungary	2,700	5.1%	2,800	6.3%
Poland	21,900	8.1%	22,800	7.6%
Czech Republic	11,900	6.9%	12,000	7.0%
Slovak Republic	6,100	8.9%	6,700	9.9%
Slovenia	7,300	14.6%	8,500	14.1%
TOTAL PECO	**55,000**	**8.5%**	**58,900**	**8.6%**
Baltic States	3,800	9.0%	4,500	10.8%
Bulgaria + Romania	4,600	5.0%	5,600	5.0%
Malta + Cyprus	1,100	6.6%	1,400	6.9%
TOTAL EUROPE - 30 COUNTRIES	**1,471,300**	**11.7%**	**1,690,200**	**12.4%**

PSA PEUGEOT CITROËN GROUP REGISTRATIONS ON LIGHT COMMERCIAL VEHICLE EUROPEAN MARKET

	Year 2012		Year 2011	
Country	Volume	MS(%)	Volume	MS (%)
France	129,000	33.6%	147,900	34.5%
Germany	21,400	9.5%	23,100	9.7%
Austria	3,400	10.6%	3,800	11.5%
Belux	15,500	25.2%	17,300	25.2%
Denmark	3,500	14.3%	3,100	12.3%
Spain	25,100	32.5%	34,800	33.2%
Finland	700	5.9%	800	5.2%
Greece	300	8.8%	500	8.0%
Ireland	1,200	10.6%	1,200	10.2%
Iceland	0	3.2%	0	1.3%
Italy	17,000	14.5%	25,500	14.8%
Norway	5,300	15.7%	6,100	16.6%
Netherlands	8,900	15.7%	7,400	12.6%
Portugal	4,800	30.0%	10,400	29.7%
United Kingdom	40,000	16.1%	37,000	13.9%
Sweden	6,300	15.7%	6,700	14.2%
Switzerland	4,100	12.1%	4,100	13.1%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**286,400**	**20.8%**	**329,600**	**20.9%**
Croatia	1,000	27.7%	1,000	27.0%
Hungary	1,900	17.2%	2,100	17.9%
Poland	7,400	18.1%	10,700	22.7%
Czech Republic	2,500	18.5%	3,400	23.0%
Slovak Republic	1,800	30.5%	1,900	31.9%
Slovenia	2,300	39.4%	2,300	39.8%
TOTAL PECO	**16,900**	**20.9%**	**21,500**	**24.1%**
Baltic States	1,500	22.2%	1,300	20.9%
Bulgaria + Romania	2,300	15.2%	2,100	14.8%
Malta + Cyprus	300	18.2%	300	12.2%
TOTAL EUROPE - 30 COUNTRIES	**307,400**	**20.8%**	**354,900**	**21.0%**

PSA PEUGEOT CITROËN GROUP REGISTRATIONS ON PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE EUROPEAN MARKET

	Year 2012		Year 2011	
Country	Volume	MS (%)	Volume	MS (%)
France	700,900	30.7%	840,800	31.9%
Germany	153,900	4.7%	172,600	5.1%
Austria	28,800	7.8%	33,100	8.5%
Belux	99,000	16.5%	118,100	17.1%
Denmark	31,800	16.3%	33,000	16.9%
Spain	133,200	17.2%	158,100	17.3%
Finland	6,700	5.7%	8,100	6.0%
Greece	7,100	11.4%	7,500	7.2%
Ireland	4,600	5.1%	5,200	5.1%
Iceland	300	3.1%	100	1.6%
Italy	155,500	10.2%	185,300	9.7%
Norway	15,000	8.8%	17,200	9.8%
Netherlands	74,800	13.4%	82,800	13.5%
Portugal	17,900	16.1%	32,400	17.2%
United Kingdom	213,200	9.3%	200,500	9.1%
Sweden	22,400	7.0%	22,300	6.3%
Switzerland	28,000	7.8%	32,200	9.2%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**1,693,200**	**12.9%**	**1,949,300**	**13.5%**
Croatia	6,100	17.5%	7,000	15.6%
Hungary	4,600	7.2%	4,900	8.7%
Poland	29,300	9.4%	33,500	9.7%
Czech Republic	14,400	7.8%	15,500	8.3%
Slovak Republic	7,900	10.6%	8,700	11.7%
Slovenia	9,600	17.1%	10,800	16.3%
TOTAL PECO	**71,900**	**9.9%**	**80,400**	**10.4%**
Baltic States	5,300	10.8%	5,800	12.2%
Bulgaria + Roumania	6,800	6.4%	7,700	6.0%
Malta + Cyprus	1,400	7.7%	1,800	7.6%
TOTAL EUROPE - 30 COUNTRIES	**1,778,700**	**12.7%**	**2,045,100**	**13.3%**

PEUGEOT PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS ON EUROPEAN MARKETS

	Year 2012		Year 2011	
Country	Volume	MS (%)	Volume	MS (%)
France	369,100	16.2%	441,800	16.8%
Germany	81,700	2.5%	94,300	2.8%
Austria	16,100	4.4%	18,000	4.6%
Belux	50,800	8.5%	60,700	8.8%
Denmark	17,200	8.8%	18,300	9.4%
Spain	67,500	8.7%	79,700	8.7%
Finland	3,500	3.0%	4,300	3.1%
Greece	2,700	4.3%	3,700	3.6%
Ireland	2,800	3.1%	3,400	3.4%
Iceland	100	1.8%	100	0.9%
Italy	78,700	5.2%	91,900	4.8%
Norway	9,200	5.4%	10,700	6.1%
Netherlands	46,300	8.3%	50,700	8.2%
Portugal	10,900	9.8%	17,500	9.3%
United Kingdom	121,100	5.3%	114,700	5.2%
Sweden	13,900	4.3%	12,300	3.5%
Switzerland	14,000	3.9%	16,900	4.9%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**905,900**	**6.9%**	**1,038,900**	**7.2%**
Croatia	3,200	9.2%	3,800	8.4%
Hungary	2,500	3.9%	2,600	4.6%
Poland	16,000	5.1%	17,700	5.1%
Czech Republic	7,800	4.2%	8,700	4.7%
Slovak Republic	4,800	6.4%	5,100	6.9%
Slovenia	5,600	10.0%	5,900	9.0%
TOTAL PECO	**39,700**	**5.5%**	**43,800**	**5.7%**
Baltic States	3,600	7.3%	4,100	8.5%
Bulgaria + Roumania	4,100	3.8%	4,600	3.6%
Malta + Cyprus	1,100	6.0%	1,500	6.2%
TOTAL EUROPE - 30 COUNTRIES	**954,400**	**6.8%**	**1,092,800**	**7.1%**

CITROËN PASSENGER CAR AND LIGHT COMMERCIAL VEHICLE REGISTRATIONS ON EUROPEAN MARKETS

	Year 2012		Year 2011	
Country	Volume	MS (%)	Volume	MS (%)
France	331,800	14.5%	399,000	15.1%
Germany	72,200	2.2%	78,300	2.3%
Austria	12,800	3.5%	15,200	3.9%
Belux	48,300	8.1%	57,400	8.3%
Denmark	14,600	7.5%	14,700	7.5%
Spain	65,700	8.5%	78,400	8.6%
Finland	3,200	2.7%	3,900	2.8%
Greece	4,400	7.0%	3,800	3.7%
Ireland	1,800	1.9%	1,800	1.7%
Iceland	100	1.4%	0	0.6%
Italy	76,800	5.1%	93,500	4.9%
Norway	5,800	3.4%	6,500	3.7%
Netherlands	28,500	5.1%	32,100	5.2%
Portugal	7,000	6.3%	14,900	7.9%
United Kingdom	92,000	4.0%	85,800	3.9%
Sweden	8,500	2.7%	10,000	2.8%
Switzerland	14,000	3.9%	15,300	4.4%
TOTAL WESTERN EUROPE (18 COUNTRIES)	**787,300**	**6.0%**	**910,400**	**6.3%**
Croatia	2,900	8.4%	3,200	7.1%
Hungary	2,200	3.4%	2,300	4.1%
Poland	13,300	4.3%	15,800	4.6%
Czech Republic	6,600	3.6%	6,800	3.6%
Slovak Republic	3,100	4.2%	3,600	4.9%
Slovenia	4,000	7.2%	4,900	7.4%
TOTAL PECO	**32,200**	**4.4%**	**36,600**	**4.7%**
Baltic States	1,700	3.5%	1,700	3.6%
Bulgaria + Roumania	2,800	2.6%	3,100	2.5%
Malta + Cyprus	300	1.8%	300	1.4%
TOTAL EUROPE - 30 COUNTRIES	**824,300**	**5.9%**	**952,300**	**6.2%**

PSA PEUGEOT CITROËN GROUP - PRODUCTION PER MODEL

Brand		Model	2012 Volume	2011 Volume
Peugeot		iOn	1,800	3,300
		107	74,900	91,300
		206	187,300	449,500
		207	135,400	293,800
		208	242,900	700
		2008	100	0
		301	11,600	0
		307	103,300	67,200
		308	179,200	201,900
		3008	104,000	139,800
		5008	49,300	74,500
		405	108,400	282,400
		407	0	700
		408	75,500	81,100
		508	116,400	131,700
		807	4,200	6,400
		4007	2,300	7,000
		4008	12,200	100
		Rcz	9,800	19,700
		Bipper	24,200	34,800
		Partner	142,300	167,400
		Expert	28,200	33,300
		Boxer	54,200	58,600
		Others	200	0
			1,667,500	**2,145,000**
Citroën		C-Zéro	1,800	3,400
		C1	65,800	88,700
		C2	14,800	10,400
		DS3	68,800	77,200
		C3	293,000	353,600
		ZX	55,600	66,300
		C-Élysée	7,000	0
		Xsara	1,800	8,300
		C4	342,300	401,400
		DS4	30,700	34,600
		C5	72,500	100,500
		DS5	29,700	4,600
		C6	1,400	1,000
		C8	3,700	5,700
		C-Crosser	2,300	7,100
		C4 Aircross	21,700	200
		Nemo	27,500	33,400
		Berlingo	136,800	164,200
		Jumpy	23,600	29,600
		Jumper	43,400	47,200
			1,244,300	**1,437,400**
PSA Peugeot Citroën	Passenger Cars (PC)		**2,554,100**	**3,162,000**
	Light Commercial Vehicle (LCV)		**357,700**	**420,500**
	PC+LCV ELECTRIC		**3,700**	**7,300**
	HYBRID		**1,453,400**	**1,690,400**
TOTAL PSA PEUGEOT CITROËN			**2,911,800**	**3,582,400**

6.1.5. DEPENDENCE ON PATENTS OR LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR NEW MANUFACTURING PROCESSES

Please refer to section 4.1.6 and 4.4.4.

6.2. FAURECIA

Faurecia [1], the Group's automotive equipment manufacturer, is strategically focused on a number of carefully targeted automotive component families: automotive seating, interior systems, automotive exteriors and emissions control technologies. In ach one, it ranks among the top three worldwide.

With 274 production sites in 34 countries, Faurecia is active on every continent, deploying an industrial strategy designed to meet two objectives: 1) to be constantly able to support leading automakers in their global strategy, notably in fast-growing emerging markets; and 2) to continuously optimise the global location of its facilities to offer customers superior cost and quality performance.

Faurecia employs 94,000 people worldwide.

Faurecia reported sales of €17,365 million in 2012, versus €16,190 million in 2011 (for more detailed information about Faurecia's sales, please see section 9.2.3.2 below).

Faurecia ended 2012 with recurring operating income of €541 million (representing 3.0% of revenue) as opposed to recurring operating income of €651 million in 2011.

6.2.1. FOUR CORE BUSINESSES

AUTOMOTIVE SEATING

Faurecia designs and assembles seats and makes their main components, including frames, adjustment mechanisms, foams and upholstery, and comfort and safety accessories. In 2012, emissions control technologies accounted for 36.9% of product sales (excluding monoliths).

As a complete seat architect, Faurecia has created the concept of flexible metal structures, which can be adapted to various vehicle bodies on one or several platforms.

INTERIOR SYSTEMS

Faurecia designs and produces instrument panels, central consoles and door panels that meet both the expectations of car buyers and the requirements of automakers. It offers advanced solutions in the areas of passenger safety, interior fittings and weight reduction.

In acoustic packages, the Company delivers products that optimise soundproofing through insulation and sonic absorption.

In June 2012, Faurecia finalised its acquisition of Ford Motor Company's "internal components" division in Saline, Michigan (USA) which represents annual revenue of some €300 million. The acquisition strengthens Faurecia's position as the world's number one supplier of interior systems, with Ford Motor Company becoming Faurecia's third largest customer.

In 2012, interior systems accounted for 27.1% of product sales (excluding monoliths).

AUTOMOTIVE EXTERIORS

Faurecia is one of the world's leading suppliers of front-end modules and carriers in composite materials, and ranks among the top suppliers for bumpers and engine cooling systems in Europe. In 2012, this activity accounted for 11.7% of product sales (excluding monoliths).

(1) For more information on Faurecia, please visit the website www.faurecia.fr.

In July 2012, Faurecia took over the Automotive Division of Sora Composites, an expert in plastic composites and fibreglass and carbon composites for the automobile industry. These activities generate revenue in the regions of €70 million and employ 500 people, contributing €17 million in 2012.

On 30 August 2012, Faurecia finalised its acquisition of Plastal France (Plastal S.A.S.), the exclusive supplier of plastic body parts for Smart cars (Daimler Group), an activity which generates annual revenues of around €50 million and employs a total workforce of 250. It made a second half-year contribution of €27 million.

This operation follows on from the acquisitions of Plastal Germany and Plastal Spain in 2010 and consolidates Faurecia Automotive Exteriors' leading position on the European automotive exteriors market.

EMISSIONS CONTROL TECHNOLOGIES

The world leader in emissions control technologies, Faurecia engineers, manufactures and markets a range of complete exhaust systems corresponding to every market requirement. To meet increasingly exacting international emissions control standards, Faurecia addresses pollution reduction at the design stage, and helps automakers in their search for new engine configurations by pioneering innovative technological solutions like the diesel particulate filter. In 2012, this activity accounted for 24.3% of product sales (excluding monoliths).

6.2.2. INDUSTRIAL FOOTPRINT

Working with almost all of the world's automakers, Faurecia's production facilities are found across the world. In 2012 Faurecia's product sales (excluding monoliths) by region were as follows: 56% in Europe, 27% in North America, 10% in Asia, 5% in Latin America and 2% in other countries.

Faurecia can adapt its worldwide production facilities to fit the needs and expectations of automakers. While two thirds of its facilities manufacture components and are therefore located to optimise production and logistics costs, the other third operate on a just-in-time basis.

6.2.3. CUSTOMER BASE

Faurecia continued to diversify its customer portfolio in 2012. Volkswagen is still the Company's largest customer accounting for 25% of product sales (excluding monoliths), followed by PSA Peugeot Citroën (14%), Ford (13%), Renault Nissan (11%), GM (8%) and BMW (8%).

6.3. GEFCO

GEFCO [(1)], 25%-owned by PSA Peugeot Citroën, is one of the world's leading logistics specialists. GEFCO's services span the entire supply chain, including inbound overland transport, outbound automobile transport, sea and air transport, industrial logistics, container management, new vehicle preparation and distribution, and customs and VAT representation. The globalisation of modern manufacturing and the specialization of production facilities have led GEFCO to leverage its supply chain management capabilities, combining a variety of services, to deliver end-to-end global sourcing solutions.

In June 2012 GEFCO signed an exclusive logistics outsourcing agreement with General Motors for the European and Russian markets. GEFCO signed an exclusive global logistics contract with PSA Peugeot Citroën in December 2012.

On 20 December, PSA Peugeot Citroën PSA Peugeot Citroën sold 75% of its subsidiary's capital to JSC Russian Railways (RZD) for €800 million, following GEFCO's payment of an exceptional dividend of €100 million to PEUGEOT S.A. (see Note 2.4. in the Notes to the consolidated financial statements at 31 December 2012).

(1) For more information on GEFCO, please visit the website www.GEFCO.net.

GEFCO will now join forces with RZD, not only to pursue its geographical expansion in China, India and Latin America, but also to step up its development in Central and Eastern Europe, and in Russia in particular.

The operation will mean that RZD and GEFCO can pool their respective strengths to offer a unique logistics expertise in Asia and Europe.

The new partnership is set to become a world leader in diversified industrial supply chain management.

RZD intends to retain GEFCO's management team and all existing operating units, including PSA Peugeot Citroën's suppliers.

PSA Peugeot Citroën and RZD have entered into a shareholders' agreement to protect the high quality logistics services GEFCO provides PSA Peugeot Citroën and the interest of both parties.

6.4. BANQUE PSA FINANCE

As a wholly-owned PSA Peugeot Citroën subsidiary, Banque PSA Finance [(1)] is closely associated with the marketing policies of the Peugeot and Citroën brands.

Operating in 23 countries around the world, the Bank supports the stocks of Peugeot and Citroën vehicles by financing new vehicle and replacement parts inventory for dealers and offering a comprehensive array of financing and related services to car buyers. It also provides working capital financing and real estate financing for the two carmakers.

Through the Banque PSA Finance's organisational structure, its loan approval process is totally independent from the dealer network, and dealers are unable to exert any influence on the approval decision.

Banque PSA Finance has a solid balance sheet with a Basel II capital adequacy ratio of 13% and a liquidity reserve in excess of €1,066 billion, ensuring more than six months cash visibility. It is not engaged in any proprietary trading activities.

As at 31 December 2012, the Bank's net banking revenue stood at €1,075 million compared to a 2011 figure of €1,032 million. The loan book fell by 5.2% to €23,061 million at 31 December 2012 (€24,314 million at end December 2011).

For more detailed information concerning Banque PSA Finance' revenue and recurring operating income, please refer to section 9.2.3.4 below.

6.4.1. RETAIL FINANCING

Retail financing represented 74% of total loans outstanding, or €17,007 million at 31 December 2012 versus €17,474 million at 31 December 2011.

Banque PSA Finance serves both individuals and corporate fleets with:

- loans to purchase new and used cars;
- long-term leasing solutions;
- short-term leasing and sales with a buyback commitment;
- an array of related services, such as insurance, maintenance and extended warranties.

Led by a sustained focus on building customer loyalty for the Peugeot and Citroën brands, Banque PSA Finance offers diversified financing products and services, as well as bundled offers, that together with the two brands provide a comprehensive range of mobility solutions.

Related service offerings include financial services, automobile services and automobile insurance.

The bank's penetration rate among buyers of new Peugeots and Citroëns reached a record high of 29.8% in 2012, from 27.8% in 2011.

Financing has been confirmed (cf. paragraph 10.4.2).

In 2012, securitisation and other LTRO (Long Term Refinancing Operation) exceeded the €7 billion mark, bank credit lines were €4.9 billion and borrowing under the capital markets programmes €9 billion.

(1) For more detailed information regarding Banque PSA Finance, please refer to the website http://www.banquepsafinance.com.

6.4.2. WHOLESALE FINANCING

Banque PSA Finance provides financing for new and demonstration vehicles and replacement parts for the two brands' dealer networks.

Wholesale financing represented 26% of total loans outstanding, or €6,054 million, at 31 December 2012.

Its support services also include helping the dealers manage, track and control their financial risks.

6.4.3. GEOGRAPHIC PRESENCE

Banque PSA Finance's leading markets are in:

- France;
- Western Europe: Germany, Austria, Belgium, Luxembourg, Spain, Italy, the Netherlands, Portugal, the United Kingdom and Switzerland;
- Russia;
- Latin America Argentina, Brazil, Mexico;
- Central Europe: Hungary, Poland, the Czech Republic, Slovakia. Slovenia and Croatia;
- Turkey;
- China.

The geographical distribution of total Banque PSA Finance loans outstanding is: France 37%, Germany 13%, United Kingdom 11%, Spain 8%, Italy 8%, other European countries 15%, Brazil 5% and rest of world 3%.

6.5. PEUGEOT MOTOCYCLES (PMTC)

In a challenging global economy, European demand for scooters fell for the fifth consecutive year. In all, the market has contracted by over 41.3% since 2007 and fell by 14.5% in 2012 alone.

Europe's fifth largest scooter manufacturer, Peugeot Motocycles is backed by a range of 21 models ranging from 50 cm^3 to 500 cm^3 and a global market share of 9.3%.

In 2013, Peugeot Motocycles will continue to move its range up market and in the spring will launch a three-wheeled scooter, the Metropolis 400, to effectively bridge the gap between the scooter and the car.

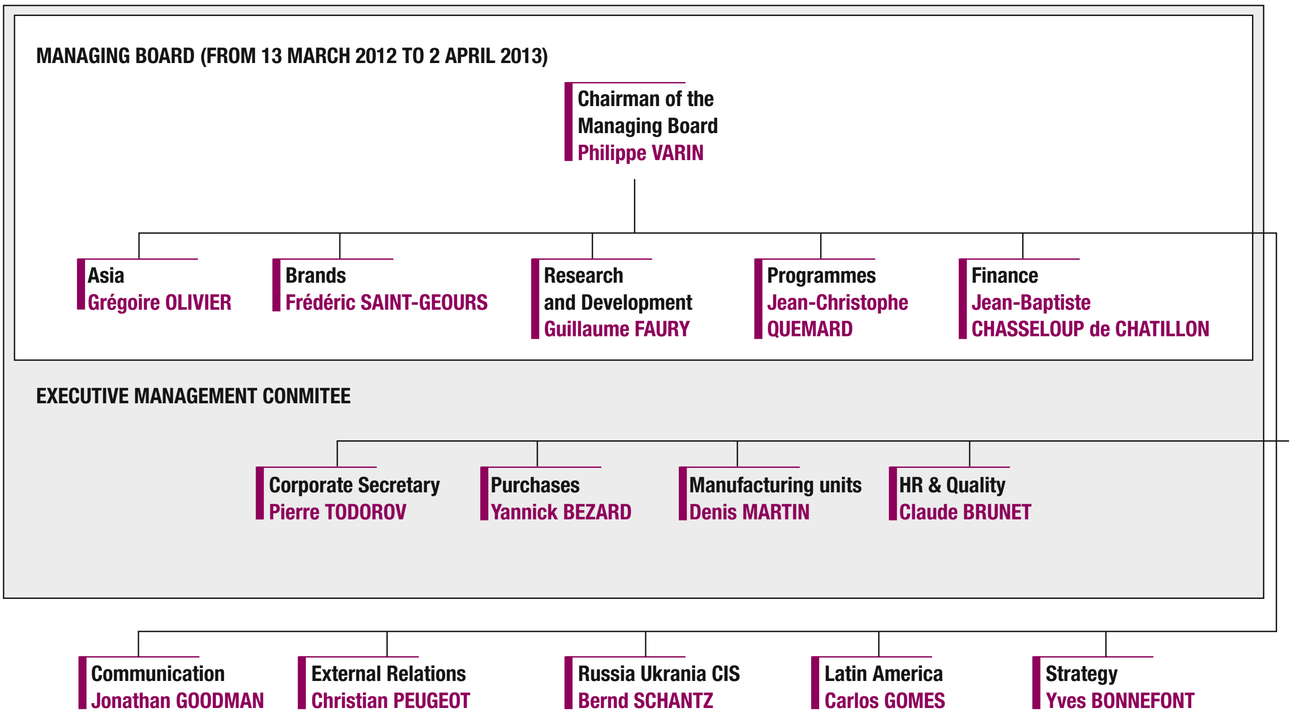
7

ORGANISATIONAL STRUCTURE

7.1. THE GROUP

7.1.1. GROUP ORGANISATIONAL STRUCTURE - FUNCTIONS

The corporate management organisation chart as from 13 March 2012 is presented below:



The Supervisory Board of Peugeot S.A. met on Tuesday, 12 March 2013 to name a new Managing Board for PSA Peugeot Citroën, effective from 2 April 2013.

The Managing Board will have four members instead of six, as previously: Philippe Varin, Chairman, Jean-Baptiste de Chatillon, Executive Vice President, Finance, Grégoire Olivier, Executive Vice-President, Asia and Jean-Christophe Quémard, Executive Vice President, Programmes.

7.1.2. GROUP ORGANISATION

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board, which is presented in section 14.1.2 below.

The Managing Board is responsible for executive leadership and financial management. It helps to define and implement the Group's strategic vision, developed in accordance with the objectives set and approved by the Supervisory Board. The Managing Board defines Group policies. It is a decision-making body and allocates resources.

The Managing Board is supported by the Executive Committee, which comprises six members of the Managing Board plus four senior executives who report to the Chairman of the Board: the Corporate Secretary; the Executive Vice-President, Manufacturing and Components; the Executive Vice President, Purchasing; and the Executive Vice President, Human Resources and Quality.

In addition to the Executive Committee, the Corporate Communications, Russia Ukrainia CIS and Latin America divisions and the Vice-President for External Relations also report to the Chairman of the Managing Board.

To ensure the efficient implementation of the Group's strategy, a leaner management team has been set up around Philippe Varin, Chairman of the Managing Board, effective 2 April 2013.

The Executive Committee comprises the four members of the Managing Board appointed by the Supervisory Board on 12 March 2013 and nine Executive Vice Presidents reporting to the Chairman of the Managing Board:

- Maxime Picat, Chief Executive Officer, Peugeot Brand
- Frédéric Banzet, Chief Executive Officer, Citroën Brand

- Gilles Le Borgne, Executive Vice President, Research and Development
- Denis Martin, Executive Vice President, Industrial Operations and Supply Chain
- Yannick Bezard, Executive Vice President, Purchasing
- Philippe Dorge, Executive Vice President, Human Resources
- Yves Bonnefont, Executive Vice President, Strategy
- Pierre Todorov, SVP General Counsel
- Jonathan Goodman, Executive Vice-President, Corporate Communications

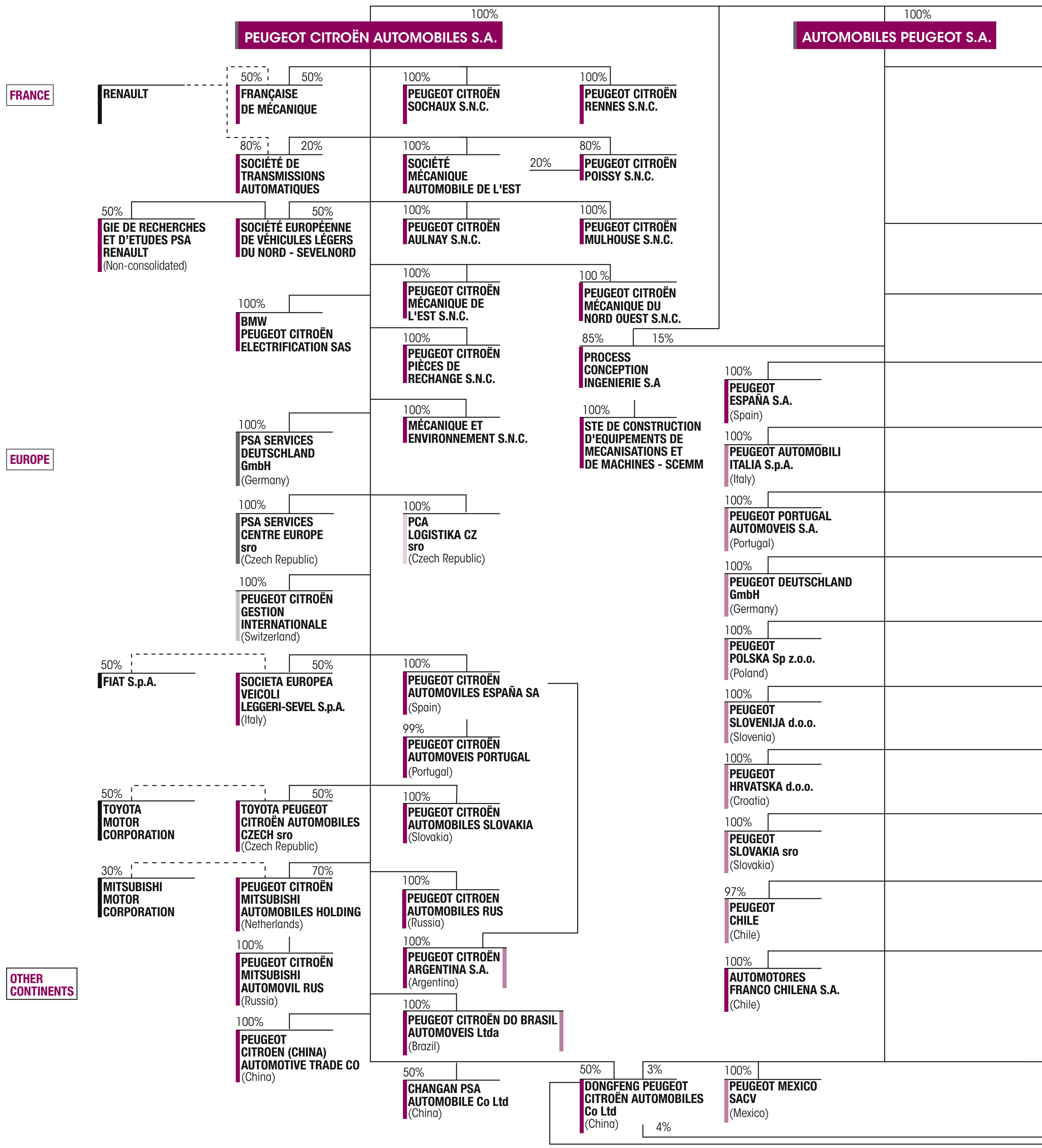
Frédéric Saint-Geours and Claude Brunet were appointed as Special Advisors to the Chairman of the Managing Board.

7.1.3. PARENT-SUBSIDIARY RELATIONSHIPS

As the Group's holding company, Peugeot S.A. is not directly involved in any material operating activities.

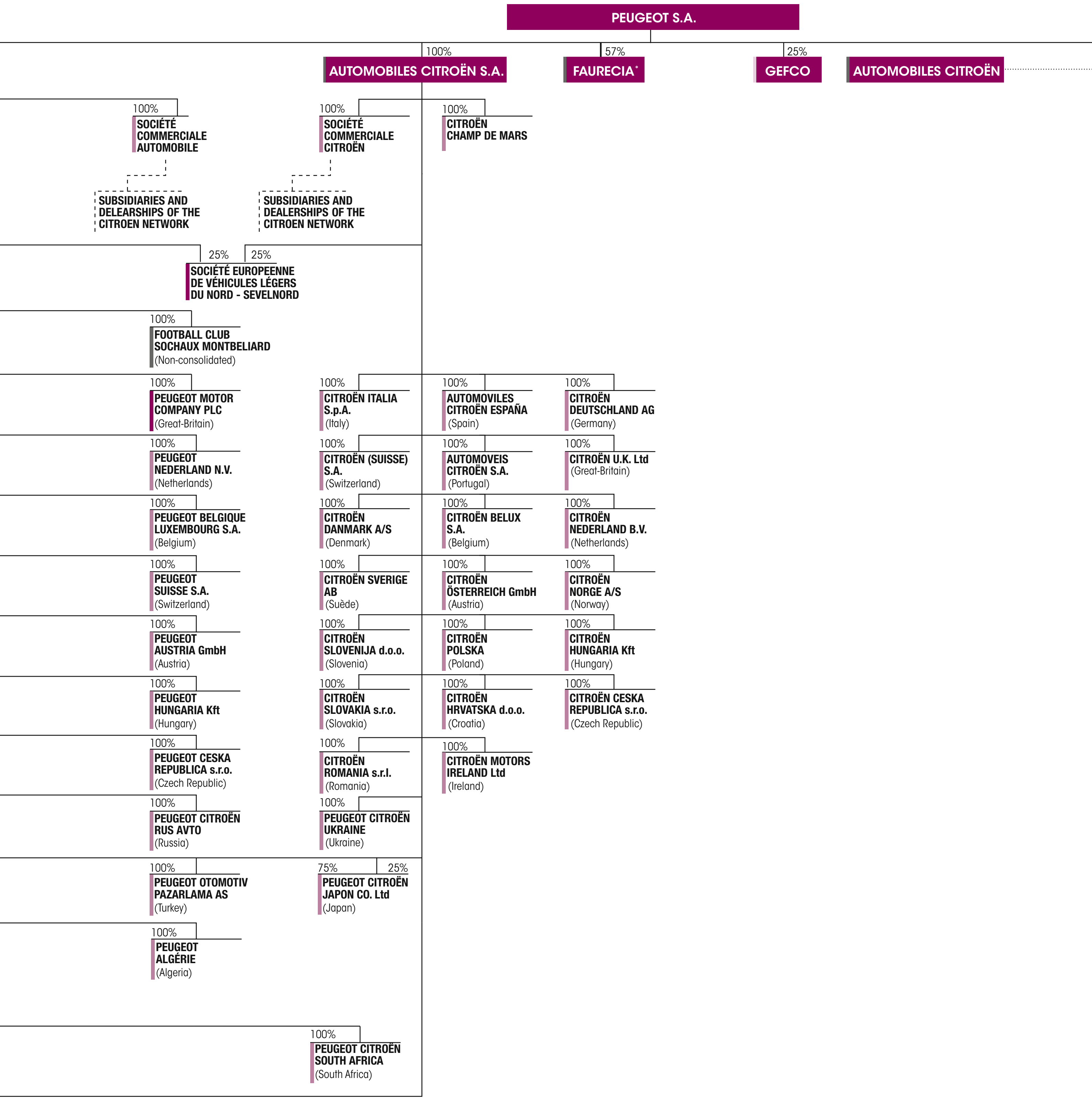
Peugeot S.A. has a normal parent company relationship with its subsidiaries. The main events in this relationship are reviewed in the Company's financial statements in section 20.4. Please refer as well to Note 43 to the Consolidated Financial Statements for a detailed description of related party transactions, in particular with associates.

7.2. MAIN SUBSIDIARIES AND EQUITY HOLDINGS OF THE COMPANY

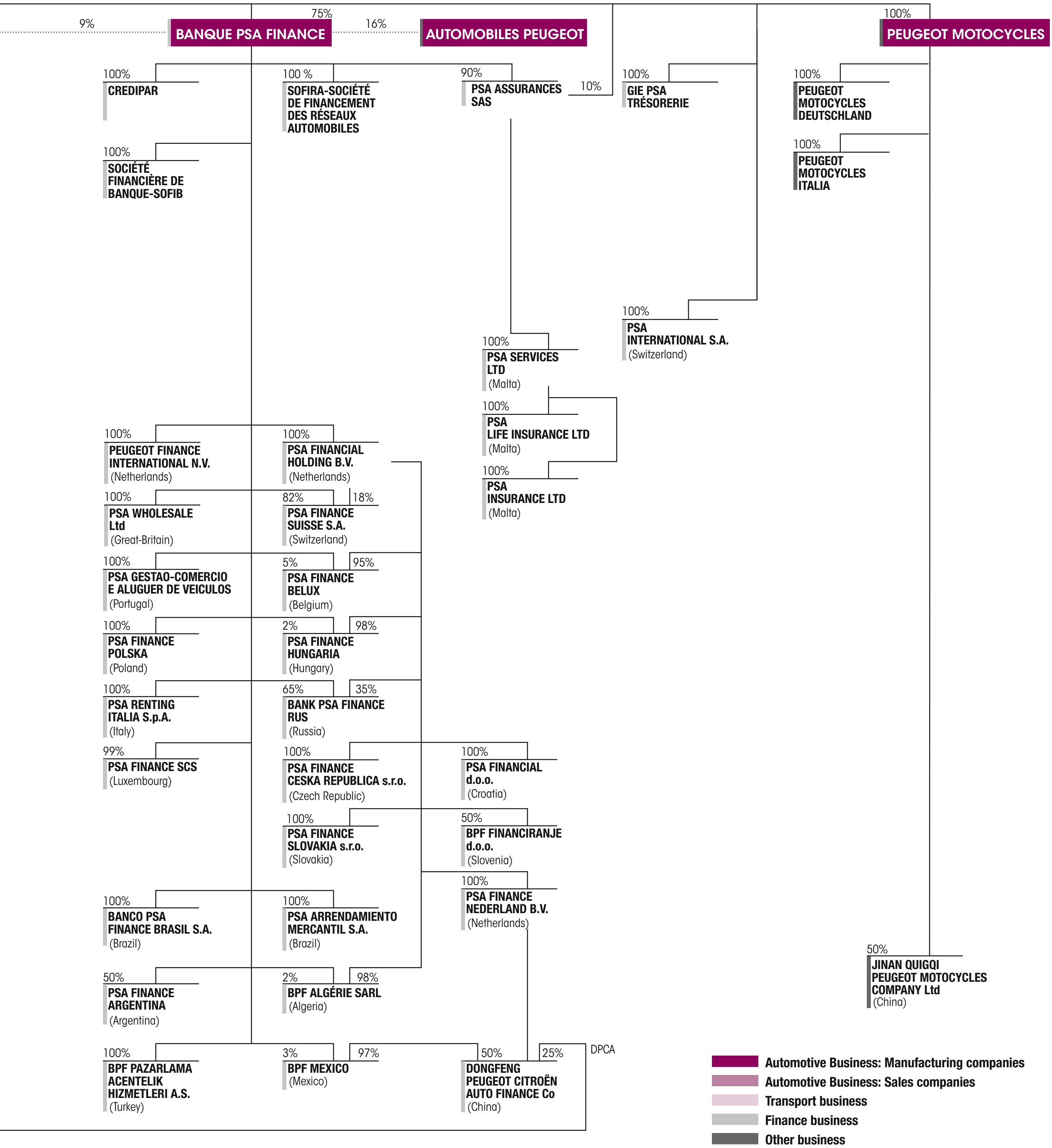


At 31 December 2012 there were 411 units included in the consolidation perimeter. The above simplified group structure shows the principal consolidated legal entities. The percentages are PEUGEOT SA's direct and indirect shareholding

* The Faurecia group companies are listed in pages 380 to 385 of this registration document.



gs in these companies. The structure shown is not exhaustive.


9%
BANQUE PSA FINANCE
75%
16%
AUTOMOBILES PEUGEOT
100%
PEUGEOT MOTOCYCLES
100%
CREDIPAR
100 %
SOFIRA-SOCIÉTÉ DE FINANCEMENT DES RÉSEAUX AUTOMOBILES
90%
PSA ASSURANCES SAS
10%
100%
GIE PSA TRÉSORERIE
100%
PEUGEOT MOTOCYCLES DEUTSCHLAND
100%
PEUGEOT MOTOCYCLES ITALIA
100%
SOCIÉTÉ FINANCIÈRE DE BANQUE-SOFIB
100%
PSA INTERNATIONAL S.A.
(Switzerland)
100%
PSA SERVICES LTD
(Malta)
100%
PSA LIFE INSURANCE LTD
(Malta)
100%
PSA INSURANCE LTD
(Malta)
100%
PEUGEOT FINANCE INTERNATIONAL N.V.
(Netherlands)
100%
PSA FINANCIAL HOLDING B.V.
(Netherlands)
100%
PSA WHOLESALE Ltd
(Great-Britain)
82%
18%
PSA FINANCE SUISSE S.A.
(Switzerland)
100%
PSA GESTAO-COMERCIO E ALUGUER DE VEICULOS
(Portugal)
5%
95%
PSA FINANCE BELUX
(Belgium)
100%
PSA FINANCE POLSKA
(Poland)
2%
98%
PSA FINANCE HUNGARIA
(Hungary)
100%
PSA RENTING ITALIA S.p.A.
(Italy)
65%
35%
BANK PSA FINANCE RUS
(Russia)
99%
PSA FINANCE SCS
(Luxembourg)
100%
PSA FINANCE CESKA REPUBLICA s.r.o.
(Czech Republic)
100%
PSA FINANCIAL d.o.o.
(Croatia)
100%
PSA FINANCE SLOVAKIA s.r.o.
(Slovakia)
50%
BPF FINANCIRANJE d.o.o.
(Slovenia)
100%
PSA FINANCE NEDERLAND B.V.
(Netherlands)
100%
BANCO PSA FINANCE BRASIL S.A.
(Brazil)
100%
PSA ARRENDAMIENTO MERCANTIL S.A.
(Brazil)
50%
JINAN QUIGQI PEUGEOT MOTOCYCLES COMPANY Ltd
(China)
50%
PSA FINANCE ARGENTINA
(Argentina)
2%
98%
BPF ALGÉRIE SARL
(Algeria)
100%
BPF PAZARLAMA ACENTELIK HIZMETLERI A.S.
(Turkey)
3%
97%
BPF MEXICO
(Mexico)
50%
25%
DPCA
DONGFENG PEUGEOT CITROËN AUTO FINANCE Co
(China)
Automotive Business: Manufacturing companies
Automotive Business: Sales companies
Transport business
Finance business
Other business

8

PROPERTY, PLANTS AND EQUIPMENT

8.1. SIGNIFICANT OR PLANNED MATERIAL TANGIBLE FIXED ASSETS

In 2012, Europe accounted for 73.3% of the Group's production (and around 40% in France), South America 8.2% and Asia 18.5%.

8.1.1. PSA PEUGEOT CITROËN GROUP – MANUFACTURING FACILITIES

ASSEMBLY PLANTS

Manufacturing centres	Models produced as of 31 December 2012	2012 output	2011 output
Aulnay (France)	C3	119,900	135,800
Madrid (Spain)	207, 207CC, 207SW	76,400	95,800
Mangualde (Portugal)	Partner, Berlingo,	43,900	50,300
Mulhouse (France)	206+, 208, 308, C4, DS4	223,900	320,000
Buenos Aires (Argentina)	207, 308, 408, Partner, C4, Berlingo	131,900	141,600
Poissy (France)	208, C3, DS3, DS3 Cabrio	264,000	238,000
Porto Real (Brazil)	207, C3, C3 Picasso, C3 Aircross,	95,700	137,900
Rennes (France)	C5, C5 break, 508, 508 break, 508 HY	129,600	182,300
Sevelnord (France)	807, Expert, C8, Jumpy	59,500	75,000
Sochaux (France)	308, 308 CC, 308 SW, 308 break, 3008, 3008 HY, 5008, DS5, DS5 HY	316,700	373,200
Trnava (Slovakia)	208, C3 Picasso	215,300	177,800
Vigo (Spain)	301, C-Élysée, C4 Picasso, Grand C4 Picasso, Berlingo, Partner Berlingo and electric Partner	298,300	355,800

MANUFACTURING COMPONENT PLANT AND FOUNDRIES

Caen (France)	Wheels, axles suspension systems, transmissions
Charleville (France)	Aluminium and iron castings
Hérimoncourt (France)	Engines, gear boxes: small-scale assembly and reconditioning
Jeppener (Argentina)	HDi diesel, gasoline and flex fuel engines, chassis systems
Metz (France)	Gear boxes
Mulhouse components (France)	Chassis systems
Mulhouse foundry (France)	Pressurised aluminium castings, steel forge, tooling
Porto Real (Brazil)	Flex-fuel and gasoline engines
Saint-Ouen (France)	Stamping, body-in-white, tooling
Sept-Fons (France)	Iron castings
Trémery (France)	Gasoline and HDi diesel engines
Valenciennes (France)	Gear boxes

The capacity utilisation rate in Europe stood at 75% in 2012 versus 86% in 2011 (harbour rate, based on two shifts and 235 working days).

8.1.2. PSA PEUGEOT CITROËN GROUP – JOINT PLANTS WITH OTHER MANUFACTURERS

(AT 31 DECEMBER)

Subsidiaries	Production	2012 Output	2011 Output
FRANCE			
Française de Mécanique			
50% Peugeot Citroën Automobiles			
50% Renault	Engines: TU + TUF	162,460	201,160
	DV	221,650	241,970
	D (Renault)	295,960	368,940
	ES/L	0	540
	EP	317,020	341,340
	TOTAL	**997,090**	**1,153,950**
OTHER COUNTRIES			
Società Europea Veicoli Leggeri (Italy)			
50% Peugeot Citroën Automobiles	Peugeot Boxer	50,500	54,400
50% Fiat	Citroën Jumper	40,200	44,300
	TOTAL	**90,700**	**98,700**
Dongfeng Peugeot Citroën Automobile (China)			
50% Peugeot Citroën Automobiles	Peugeot 307 Sedan	103,500	59,500
50% DongFeng Motors	Peugeot 206	32,800	43,600
	Peugeot 408	50,800	52,700
	Peugeot 508	26,200	17,000
	Peugeot 3008	2,100	-
	Citroën Élysée	55,600	64,600
	Citroën C4, C-Triomphe, C-Quatre	122,600	120,600
	Citroën C2 Chine	14,900	10,400
	Citroën C5	34,000	34,800
	TOTAL	**442,500**	**405,100**
Toyota Peugeot Citroën Automobiles – TPCA (Czech Republic)			
50% Peugeot Citroën Automobiles	Peugeot 107	74,900	91,300
50% Toyota Motor Corporation	Citroën C1	65,800	88,700
	TOTAL	**140,700**	**180,000**
PCMA Automotiv (Kaluga Russia)			
70% Peugeot Citroën Automobiles	Peugeot 308	9,300	18,600
30% Mitsubishi Motors Company (MMC)	Citroën C4	10,900	10,900
	Citroën C-Crosser	1,600	2,900
	Peugeot 4007	1,500	3,000
	Peugeot 408	10,700	-
	TOTAL	**34,000**	**35,400**

Subsidiaries	Production	2012 Output	2011 Output
OTHER JOINT VENTURES			
Okazaki			
	Citroën C-Crosser	2,000	7,000
	Citroën C4 Aircross	20,600	-
	Peugeot 4007	2,000	6,900
	Peugeot 4008	11,700	-
Mizushima	**Citroën C-Zéro**	**1,600**	**3,400**
	Peugeot IOn	1,700	3,300
	TOTAL	**39,600**	**20,600**
Bursa			
	Citroën Nemo	27,300	33,200
	Peugeot Bipper	24,200	34,500
	TOTAL	**51,500**	**67,700**
Magna Steyr	**Peugeot RCZ**	**9,800**	**19,700**
	TOTAL	**9,800**	**19,700**

For more information on property, plant and equipment, please refer to Note 14 to the Consolidated Financial Statements (see Chapter 20.3.7, below).

8.1.3. REPLACEMENT PARTS

In all, 11 replacements parts warehouses, totalling nearly a million square meters of storage space, were managing some 230,000 SKUs as of 31 December 2012.

- Wuhan (China);
- Moscow (Russia);
- Pinto (Spain);
- Pregnana (Italy);
- Spillern (Austria);
- Tile Hill (UK);
- Vesoul (France);
- Barueri (Brazil);
- Natolin (Poland);
- Pacheco (Argentina);
- Rieste (Germany).

8.2. ENVIRONMENTAL ISSUES THAT COULD INFLUENCE USE OF THESE ASSETS BY PSA PEUGEOT CITROËN

Please refer to section 5.3 of this Registration Document.

9

OPERATING AND FINANCIAL REVIEW

9.1. FINANCIAL POSITION AND RESULTS

The consolidated financial statements of the PSA Peugeot Citroën Group are presented for the years ended 31 December 2011 and 2010. The 2010 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des marchés financiers*) on 22 April 2011 under no. D.11-0353.

This section should be read jointly with the notes to the consolidated financial statements at 31 December 2012.

The accounting policies applied by the Group are presented in the notes to the consolidated financial statements at 31 December 2012 (see Note 1 - Accounting Policies).

9.2. 2012 GROUP OPERATING RESULTS

Following the sale by PSA Peugeot Citroën of its 75% interest in Gefco to JSC Russian Railways (RZD) (see chapter 22) and pursuant to IFRS 5 and IAS 27, the financial data for the Transportation and Logistics segment have been reclassified under "Discontinued operations" and the remaining 25% investment is recognised under "Investments in companies at equity".

For further information, please refer to Note 2 - Significant Events in the notes to the consolidated financial statements for the year ended 31 December 2012.

9.2.1. REVENUE

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

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

The table below shows consolidated revenue by business.

(in millions of euros)	2012	2011	%
Automotive	38,299	42,710	-10.3%
Faurecia	17,365	16,190	+7.3%
Banque PSA Finance	1,910	1,902	+0.4%
Other Businesses and intersegment eliminations	(2,128)	(2,293)	-
TOTAL	**55,446**	**58,509**	**-5.2%**

Consolidated revenue does not include the contribution of our Chinese company, Dongfeng Peugeot Citroën Automobile (DPCA), as it is jointly controlled on a 50/50 basis with our local partner and is therefore accounted for by the equity method.

In 2012, consolidated revenue was down 5.2% to €55,446 million from €58,509 million in 2011.

The Automotive Division reported a drop of €4,411 million, reflecting lower sales volumes in Europe. Faurecia's revenue increased by €1,175 million, while that of Banque PSA Finance rose by €8 million. The performances of each business are discussed in section 9.2.3.

The table below shows consolidated revenue by region, based on the location of the customer.

(in millions of euros)	2012	2011
Consolidated revenue	55,446	58,509
Net contribution to consolidated revenue by region		
Europe	68.1%	72.9%
Russia	3.2%	2.5%
Asia	6.2%	4.7%
Latin America	9.6%	9.3%
Rest of the world	12.9%	10.6%
TOTAL	**100%**	**100%**

9.2.2. RECURRING OPERATING INCOME

The following table shows recurring operating income (loss) by business.

(in millions of euros)	2012	2011
Automotive	(1,504)	(92)
Faurecia	514	651
Banque PSA Finance	391	532
Other Businesses and intersegment eliminations	23	2
TOTAL	**(576)**	**1,093**

The Group reported a recurring operating loss of €576 million in 2012, compared with income of €1,093 million in 2011. The decline stems primarily from the Automotive Division's worsening performance, with a recurring operating loss of €1,504 million that reflects lower demand in Europe, contracting unit sales and sustained price pressure. It is also a result of the discontinuation of spare parts sales in Iran since February, as well as the deconsolidation of Gefco. The 21% drop in Faurecia's performance, to €514 million, was also impacted by the crisis in Europe. BPF's operating income, which was down 26.5% at €391 million, was affected by the revision of its retail receivables statistical provisioning method in November, which resulted in an exceptional impact of €136 million.

9.2.3. ANALYSIS OF REVENUE AND RECURRING OPERATING INCOME BY DIVISION

9.2.3.1. AUTOMOTIVE DIVISION

(in millions of euros)	2012	2011
Revenue	38,299	42,710
Recurring operating income (loss)	(1,504)	(92)
As a % of revenue	*-3.9%*	*-0.2%*

REVENUE

In 2012, the global automotive market expanded by 6.1%. This growth was driven by booming markets in Russia and China which grew by 10.6% and 6.6% respectively, in the US and Japan (growth of 13% and 26% respectively) and by the Latin American and Indian markets which recorded growth of 5.6% and 12%.

In Europe, where the economic environment was very weak, the market recorded an 8.6% drop but with countries experiencing very mixed fortunes: France: -13.3%, Germany: -3.1%, United Kingdom: +3.8%, Spain: -14.9%, Italy: -20.9%, Portugal: -40%.

With its strong presence in Europe, particularly in France, Spain and Italy, PSA Peugeot Citroën experienced a 16.5% drop in global unit sales, to 2,965 million assembled vehicles and CKD units.

In 2012, unit sales of assembled vehicles fell by 14.8% in Europe and grew by 3.3% outside Europe. Sales outside Europe accounted for 38% of the total, up from 33% in 2011.

Unit sales of assembled vehicles were down 11.5% excluding China (operations in China are accounted for by the equity method). Sales of CKD units were down 68.3%. The increased sanctions against Iran made it impossible to finance Iran-bound sales of CKD units, which led the Group to suspend these sales in compliance with international regulations in February 2012.

Automotive Division revenue, at €38,299 million, was down 10.3% on 2011, in a European market which shrank by 8.6%.

Revenue from new vehicles fell by 12.4% to €27,765 million from €31,677 million in 2011, impacted mainly by the steep 11.4% contraction in volumes and by a negative 1.2% price effect over the year. A favourable +2.2% product mix effect, after an already strong +6.5% in 2011, was not enough to offset these factors. The exchange rate effect was mildly favourable over the year (+0.4%), offsetting a negative country mix (-0.4%).

Market share in Europe dipped by 0.6 points to 12.7% from 13.3% in 2011 but remained stable compared with the second half of 2011 (12.7%). This decline in performance was attributable, to a large extent, to an unfavourable market mix, with the most promising markets for the Peugeot and Citroën brands (France, Spain and Italy) all suffering from deep recession.

The proportion of sales made outside Europe continued to expand, rising to 38% over the period:

- the Chinese passenger car market grew by 6.6% in 2012. Group sales were up 9.2%, with growth outperforming the market. Underpinned by expanding distribution networks, the Group sold a total of 442,000 vehicles in China in 2012. Its market share, up by 0.1 point, stood at 3.5%;
- in 2012, the Russian market continued to expand rapidly. A total of 2,935 million vehicles were sold, 10.6% more than in 2011. The 78,000 vehicles sold by PSA Peugeot Citroën represented an increase of 4.9%. The Group's market share stood at 2.6%, down by 0.1 point. Sales were underpinned by network expansion and 2012 launches;
- due to the improvement in the Brazilian economy in the second half, the Latin American market recorded 5.6% growth in 2012: Brazil: +6.1%, Argentina: -1.6%. Performance was impacted by technical difficulties at the Porto Real plant following capacity extension work and by the increase in Brazil's IPI tax on imported vehicles. In addition, volume growth was dampened by the renewal of the B segment line-up. Against this backdrop, the Group sold 283,000 vehicles in the region, down 13.0%. Market share narrowed from 5.5% to 4.8% in 2012. The Porto Real plant is now fully operational.

In this difficult environment, the Group maintained the steady pace of new model launches and made further advances in the strategy of moving the model range mix up market. In 2012, Premium vehicles accounted for 18% of sales, practically unchanged from 2011.

RECURRING OPERATING INCOME (LOSS)

The Automotive Division reported a recurring operating loss of €1,504 million in 2012, up from the €92 million loss recorded the previous year. The unfavourable operating environment accounted for €1,022 million of this decline, while the Group's underlying performance accounted for €391 million.

The change in the Automotive Division's reported performance was due to the following factors:

Operating Environment

The worsening operating environment had a negative impact of €1,022 million.

- shrinking market demand had a negative impact of €729 million;
- higher raw materials costs and other external costs had a negative impact of €394 million. The increased cost of raw materials stood at €119 million;

- other performance factors had a positive impact of €101 million, including in particular, changes in exchange rates which added €84 million, mainly due to the euro's depreciation against the pound sterling, and exceptional items (including the impact of Fukushima in 2011) which had a positive impact of €238 million.

Underlying Automotive Division performance

The Automotive Division's underlying performance had a negative impact of €391 million over the period.

- the Group exceeded its cost reduction target, with €1,181 million in savings in 2012;
- the Group continued to improve its product mix with a €321 million gain built on a high 2011;
- however, these positive effects did not fully offset the negative €559 million impact of losing market share in either the deeply depressed European markets, nor the heavy €1,155 million impact from price pressure with, in particular, product enhancements driven by the highly competitive market;
- the guarantees had a negative impact of €179 million, reflecting mainly the reversal of a provision made in 2011.

9.2.3.2. FAURECIA

(in millions of euros)	2012	2011
Revenue	17,365	16,190
Recurring operating income (loss)	514	651
As a % of revenue	*+3.0%*	*+4.0%*

REVENUE

Product sales (parts and components delivered to automakers) totalled €13.30 billion, compared with €12.39 billion in 2011, reflecting a 7.3% increase (+1.4% at constant exchange rates and scope). They posted an 8.0% increase in the second half of 2012. The Saline plant in the USA, which was acquired from Ford and consolidated from June 2012, represents €281 million of the Group's sales.

Faurecia's total sales for 2012 stood at €17.36 billion (+2.0% at constant exchange rates and scope) compared to €16.19 billion in 2011, an increase of 7.3%. During the second half of 2012, total sales were up 7.0%.

Outside Europe, product sales grew by 30% and outpaced automotive production in all regions. This allowed the Group to accelerate the rebalancing of its product sales by region. For the year, North America accounted for 27% of product sales, with 10% in Asia and 5% in South America. Faurecia also continued to diversify its customer base: German automakers represent 39% of sales, followed by North American at 28%, French at 21% and Asian at 7%. The share of product sales outside Europe stood at 48% in the second half of 2012, an increase of 8 percentage points over the same period in 2011. Ford has become Faurecia's second-biggest customer, after Volkswagen.

By geographic region, product sales in 2012 break down as follows:

- in Europe [(1)], product sales totalled €7.41 billion, compared to €7.86 billion in 2011. This represents a decline of 6%, in line with the drop in automotive production. During the second half, product sales fell 7%, to €3.42 billion;.
- in North America, product sales reached €3.65 billion, a 41% increase (19% at constant exchange rates and scope) over the 2011 figure of €2.58 billion, outpacing the 17% rise in automotive production. This performance was buoyed by the acquisition of Saline and the development of Faurecia's commercial vehicles business with Cummins. Product sales in the second half of 2012 rose 44% to €1.95 billion;
- in Asia, product sales stood at €1.39 billion, versus €1.12 billion posted in 2011. This represents an increase of 24% (+14% at constant exchange rates and scope), with automotive production up 12%. Product sales in China increased 25% to €1.1 billion. In Asia, product sales in the second half rose 21%;
- in South America, product sales came to €662 million, compared with €639 million in 2011. This represents an increase of 4% (+10% at constant exchange rates and scope), with automotive production declining by 1%. Product sales in the second half rose 16%.

SALES BY BUSINESS GROUP

Growth was strongest in Interior Systems, reflecting market share gains in North America, and Emissions Control Technologies, where growth was particularly strong in Asia and in the commercial vehicles activity which demonstrated its strong development potential. Growth in Automotive Seating and Automotive Exteriors was more adversely affected by the drop in automotive production in Europe, although Automotive Exteriors had a good development in North America.

(1) Following Russia's inclusion in the Europe geographical region in 2012 (previously reported under "rest of world"), 2011 published data were restated to ensure comparability.

- product sales for the Automotive Seating Business Group stood at €4.9 billion, compared to €4.8 billion in 2011, up 3%. Product sales rose by 1% in the second half;
- product sales for the Interior Systems Business Group totalled €3.6 billion, compared with €3.1 billion in 2011, an increase of 17%. Product sales rose 25% in the last half of the year;
- product sales excluding monoliths for the Emissions Control Technologies Business Group came to €3.2 billion, representing an increase of 10%. The increase in the second half was 6%;
- Product sales for the Automotive Exteriors Business Group totalled €1.6 billion. This was a 3% decline from 2011 levels. Product sales fell 1% in the second half.

RECURRING OPERATING INCOME (LOSS)

Operating income for 2012 stood at €514 million, or 3.0% of total sales, compared with €651 million in 2011. Operating income in the second half of 2012 came to €211 million, equivalent to 2.5% of total sales.

This drop was driven primarily by a rapid slowdown in European automotive production. In North America, strong growth in sales was not sufficiently translated into higher operating income as a result of exceptional items linked to the launch of new programs. Operating income remained high in Asia.

9.2.2.3. BANQUE PSA FINANCE

(in millions of euros)	2012	2011
Revenue	1,910	1,902
Net banking revenue	1,075	1,032
Recurring operating income (loss)	**391**	**532**
As a % of revenue	*20.5%*	*28.0%*

REVENUE

In a challenging economic environment, Banque PSA Finance delivered a healthy marketing and financial performance thanks to the quality and robustness of its business model.

The Bank saw its penetration rate among the Group's customers rise by 2 points to a historic high of 29.8%, confirming its role in actively supporting the carmakers' sales. Developing synergies with the brands' marketing organisations is an essential factor in the Bank's sales strategy.

A total of 805,143 new and used vehicles were financed in 2012, 4.6% down on 2011, reflecting lower registrations across all markets.

A growing proportion of the Bank's revenue is generated outside Europe, with the year seeing solid contributions from Brazil, Argentina and Russia. Markets outside Europe accounted for 19.4% of new vehicle financing volumes in the year versus 18% the previous year.

New retail financing granted in 2012 totalled €8,461 million, down 3.7% from €8,790 million in 2011, reflecting the weak sales environment for the Peugeot and Citroën models and the unfavourable economic environment's front line impact on consumers.

At 31 December 2012, the retail loan book stood at €17,007 million, down from €17,474 million at 31 December 2011. The wholesale loan book at 31 December 2012 came to €6,054 million, down 11.5% from €6,840 million at 31 December 2011. Outstanding retail and wholesale loans totalled €23,061 million at 31 December 2012, down 5.2% on the €24,314 million recorded at the previous year-end.

The penetration rate for insurance and services offerings rose during the period, with 1.65 insurance/service contracts sold for every financing contract in 2012, up from 1.61 in 2011.

Banque PSA Finance's revenue for 2012 totalled €1,910 million, up 0.4% from the €1,902 million recorded in 2011.

(in millions of euros)	2012	2011
Outstanding loans (including securitised loans) by customer segment		
• Corporate Dealers	6,054	6,840
• Retail and Corporate & Equivalent	17,007	17,474
TOTAL BANQUE PSA FINANCE	**23,061**	**24,314**

(in millions of euros)	2012	2011
Outstanding loans (including securitised loans)		
• France	8,572	8,868
• Rest of Europe	12,626	13,473
• Rest of the world	1,863	1,973
TOTAL BANQUE PSA FINANCE	**23,061**	**24,314**

RECURRING OPERATING INCOME (LOSS)

Banque PSA Finance reported recurring operating income of €391 million in 2011 versus €532 million the previous year.

- Net banking revenue rose 4.2% to a new record high of €1,075 million from €1,032 million in 2011, despite the slowdown in Automotive Division sales. This change is mainly due to an increase in retail lending margins, reflecting high production quality over the past years, and the maintenance of average net loans outstanding and lending margins on the Corporate Dealers segment.
- Net additions to provisions for loan losses for the year came at €290 million, or 1.23% of average net loans outstanding, compared with €115 million in 2011, or 0.49% of average net loans outstanding. Banque PSA Finance's net additions to provisions for retail loan losses (individual customers and small businesses) amounted to €260 million in 2012. This amount included an €136 million impairment loss recognised in the last quarter of 2012 as a result of reviewing the statistical provisioning method applicable to the retail loan portfolio. Net additions to provisions for loan losses in 2012 also included the €25 million impact of increased impairment rates, especially for Southern European countries, due to the change in the observation period for the loss rates used to calculate the expected losses. In 2011, net additions to provisions for retail loan losses stood at €107 million.
- General operating expenses totalled €394 million in 2012 versus €385 million in 2011. The increase was primarily due to costs incurred in connection with new development projects and the impact of a revised statutory tax on French financial institutions applicable to BPF's consolidated equity (€4 million).

More detailed information about Banque PSA Finance is provided in the Bank's Annual Report, which can be downloaded from its website at www.banquepsafinance.com.

9.3. OTHER INCOME STATEMENT ITEMS

As part of the 2012 year-end closing process and in line with the accounting standards guidelines issued by France's securities regulator, the *Autorité des marchés financiers*, PSA Peugeot Citroën has undertaken an analysis of the difference between the value of its consolidated equity in the balance sheet and its economic value based on future discounted cash flows. The discount rate (Weighted Average Cost of Capital - WACC) of the automotive sector has also been revised. This analysis takes into account the outlook for the Group in the context of the deterioration of the European market, which is likely to remain at 2012 levels for the foreseeable future.

The difference leads to a depreciation of the global Automotive Division assets value in the accounts at 31 December 2012 of €3,888 million, broken down as follows:

- impairment charge on the Automotive Division assets under IAS36 in respect of 2012: €3,009 million;
- adjustment in net value of deferred taxes €879 million.

This measure will not involve any cash-out. It is reversible, and is not related to goodwill.

In addition, other impairments relating to specific assets and provisions for onerous contracts of the Automotive Division, booked in the non-recurring operating result, amount to €855 million before tax for the full year 2012 (out of which €612 million were already accounted in H1-2012).

All these charges will impact PSA Peugeot Citroën's net Income Group share in 2012, but do not affect its solvency nor its liquidity. The depreciation of these assets has no impact on cash.

9.3.1. OPERATING INCOME (LOSS)

Non-recurring operating expenses amounted to €4,528 million in 2012 versus €463 million in 2011.

- impairment losses on CGUs and other assets and net additions to provisions for Automotive Division onerous contracts totalled €3,864 million. These primarily comprised an impairment loss on the CGU's assets;
- Automotive Division's €3,009 million , against the backdrop of a deteriorating European market (see Note 8.1. to the consolidated financial statements for the year ended 31 December 2012), in connection to yen-denominated contracts for vehicles produced under cooperation agreements, provisions for inventories in Iran and the writedown of assets at the Aulnay plant;
- restructuring costs came to €528 million in 2012, of which €440 million concerned the Automotive Division and €84 million Faurecia. The former relate primarily to France, in particular the plan to restructure the Automotive Division's production base and to redeploy its workforce (see chapter 12). Restructuring costs for Faurecia included €79 million for employee separations.

Non-recurring operating income stood at €406 million, compared with €46 million in 2011, consisting in particular of gains on real estate disposals.

For further information, please refer to the notes to the consolidated financial statements at 31 December 2012 (Note 8 - Non-recurring Income and Expenses).

As a result of these factors, the Group ended 2012 with a consolidated operating loss of €4,698 million, compared with operating income of €676 million in 2011.

(in millions of euros)	2012	2011
Automotive	(5,760)	(439)
Faurecia	426	593
Banque PSA Finance	390	532
Other Businesses and holding company	246	(10)
TOTAL PSA PEUGEOT CITROËN	**(4,698)**	**676**

9.3.2. NET FINANCIAL INCOME

Net financial expense came to €418 million in 2011 compared with €329 million the previous year. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense.

The increase reflected the increase in finance costs following repayment of the loan from the French State in 2011, which generated a €73 million exceptional expense reversal in the first-half 2011 through two new PSA Peugeot Citroën bond issues of €500 million in September 2011 and of €600 million in April 2012, for which expenses amounted to €125 million in 2012, Moreover, a new Faurecia bond issue of €250 million, together with an additional amount of €140 million on the November 2011 issue, led to expenses of €59 million.

For more information, refer to the notes to the consolidated financial statements at 31 December 2012 (Notes 9, 10 and 11).

9.3.3. INCOME TAX EXPENSE

The current tax expense stands at €389 million in 2012 compared to €335 million in 2011. Deferred tax in 2012 is a charge of €383 compared to deferred tax income of €450 million in 2011. The deferred tax assets on deficits from the French tax consolidation which are not allocable at 50% to deferred tax liabilities were totally written down for €1,902 million. Secondly, €1,023 million of deferred tax liabilities were included in the result due to the €3,009 million depreciation in the Automotive Division CGU's assets.

For more information, please refer to the consolidated financial statements for the six months ended 31 December 2012 (Note 12 - Income Taxes).

9.3.4. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

The net income of companies accounted at equity was €160 million for the 2012 fiscal year, compared to €172 million in 2011. The companies accounted at equity are firstly Dongfeng Peugeot Citroën Automobile (DPCA), Changan PSA Automobiles (CAPSA), and secondly cooperations with other car manufacturers, when they have a specific legal structure, as is the case for the joint ventures with Fiat, Toyota and Renault. On 31 October 2012, PSA Peugeot Citroën and BMW announced the end of their partnership in the BMW Peugeot Citroën Electrification joint venture. BMW is taking charge of the business unit's activities. The JV's contribution in 2012 was negative by €35 million, due to the full depreciation of the securities. Cooperation between the two groups on petrol engines will continue.

The DPCA contributed €171 million to income in 2012, compared with €150 million in 2011.

Toyota Peugeot Citroën Automobiles' contributed €15 million to the Group's result, compared to €8 million in 2011. The contribution from the companies created by the cooperation with Fiat was negative by €1 million, compared to the negative contribution of €3 million in 2011.

For more information about the Group's share in the net earnings of companies at equity, please refer to the notes to the consolidated financial statements for the six months ended 31 December 2012 (Note 16 - Investments in Companies at Equity).

9.3.5. CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS

The Group ended the year with a consolidated loss of €5,728 million compared to a profit of €634 million in 2011.

9.3.6. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

The Group ended the year with a profit from discontinued operations of €803 million, compared to a profit of €150 million in 2011, being mainly the capital gains from the deconsolidation of Gefco (see Note 2 of the consolidated Financial statements on 31 December 2012).

9.3.7. CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD

The Group ended the year with a consolidated loss of €4,925 million compared with earning of €784 million in 2011.

9.3.8. CONSOLIDATED LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to the parent company's equity holders -€5,010 million in 2012 compared to €588 million on 2011.

9.3.9. EARNINGS PER SHARE

The basic loss per share amounted to €15.80 compared with basic earnings per share of €2.64 in 2011. Diluted loss per €1 par value share was €15.60 versus earnings of €2.56 in 2011.

Please refer to the notes to the consolidated financial statements to 31 December 2012 (Note 13 - Earnings per Share).

10

CASH AND CAPITAL RESOURCES

10.1. EQUITY

Consolidated equity amounted to €10,557 million at 31 December 2012, down on the €14,494 million recorded at the previous year-end. This difference is mainly due to taking into account the result of the fiscal year which was particularly impacted by the depreciation of the Automotive Division's assets.

At 31 December 2012, the share capital comprised 354,848,992 shares with a par value of one euro each. The increase compared with the number of shares outstanding at 31 December 2011 resulted from the issuance of 120,799,648 new shares as part of the capital increase. At the period-end, the Group held 12,788,628 treasury shares to cover its requirements for (i) a future liquidity contract, (ii) outstanding stock option plans, and (iii) the partial issue of June 2009 Oceane convertible bonds. No shares were bought back in 2012, however 4,398,821 treasury shares were sold to General Motors as part of the strategic alliance with the US carmaker.

For further details of the capital increase, please refer to paragraph 21.1.4. below.

10.2. NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES AND NET DEBT-TO-EQUITY RATIO

Consolidated current and non-current financial liabilities of the manufacturing and sales companies amounted to €10,692 million compared with €9,779 million on 31 December 2011 (see Note 30 to the consolidated financial statements at 31 December 2012). The increase primarily reflected the €600 million bond issue by Peugeot S.A. and the two bond issues by Faurecia, for amounts of €140 million and €250 million. Manufacturing and sales company financial assets rose to €7,586 million at 31 December 2012 from €6,490 million at 31 December 2011.

As a result, the manufacturing and sales companies' the net financial position was -€3,148 million on 31 December 2012 compared to -€3,359 million on 31 December 2011 (see Note 34 to the consolidated financial statements on 31 December 2012). Faurecia's net debt stands at €1,892 million, higher than the €1,391 million recognised in 2011. Automotive net debt (manufacturing and sales companies excluding Faurecia) was down by €712 million for the period to €1,256 million.

Funds from operations totalled €1,033 in 2012, down from €2,395 million in 2011 due to the Automotive Division's underperformance over the year.

The WCR had a negative impact of -€602 million, despite good stock control (+€339 million compared to 31 December 2011), which is below its 2010 levels. Trade receivables fell by -€9 million compared to 31 December 2011. Trade payables fell by -€835 million compared to 31 December 2011, reaching lower than normal levels due to production cuts. The Other Changes in Working Capital Requirements item fell by -€97 million compared to 31 December 2011.

Capital expenditure and capitalised research and development costs amounted to €3,814 million in 2012, due to the commitment to supporting the increase in production capacity in Russia, China and Latin America, as well as the Group's expansion in Europe and globally and product launches.

In addition, the Group made a number of financial investments totalling €69 million, primarily in the CAPSA joint venture in China.

Banque PSA Finance paid a total dividend of €533 million, including an exceptional dividend of €360 million.

The exceptional sale of real estate assets released an inflow of cash of €634 million, whilst the sale of 75% of Gefco's capital generated a net cash injection of €897 million.

Free cash flow [(1)] ended the year at -€1,387 million, versus -€1,763 million a year earlier. Free operating cash flow excluding non-recurring items comes to –€3billion, of which –€2.5billion for the Automotive Division.

The sale of Citer, which generated €448 million in cash, the €967 million in proceeds from the capital increase and the €89 million from the sale of preferential subscription rights on the financial market and from the sale of treasury shares to General Motors helped to reduce the Group's net debt which was €3,148 million at the end of 2012.

The net debt-to-equity ratio stood at 29.8% at 31 December 2012, compared to 23% a year earlier.

(1) Free cash flow of industrial and commercial companies: the dividends received from Banque PSA Finance have been included in Free Cash Flow since 2010. In 2012 the exceptional dividend paid by Gefco was treated in a similar way. This is equal to : operating flows - investment flows + net dividends received from the Group's companies.

10.3. ORIGIN, AMOUNT AND DESCRIPTION OF CONSOLIDATED CASH FLOWS

10.3.1. CONSOLIDATED CASH FLOWS

For more information, please refer to the consolidated financial statements - Consolidated Statements of Cash Flows for the year ended 31 December 2012.

10.3.2. MANUFACTURING AND SALES COMPANIES

The following table presents the manufacturing and sales companies' cash flows for 2012 and 2011:

	Manufacturing and sales companies	
(in millions of euros)	2012	2011
Net Profit	(6,021)	280
Working capital provided by operations	1,033	2,395
Change in working capital	(602)	(678)
Net cash from (used in) operating activities	**431**	**1,717**
Net cash used in investing activities	**(2,450)**	**(3,635)**
Net cash from/(used in) financing activities	**2,387**	**(2,663)**
Effect of changes in exchange rates	(6)	5
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	**362**	**(4,576)**
Net cash from discontinued operations	345	15
Cash and cash equivalents at beginning of year	4,692	9,253
Net cash and cash equivalents at end of period	5,399	4,692

CASH FLOWS FROM OPERATING ACTIVITIES OF THE MANUFACTURING AND SALES COMPANIES

Funds from operations of the manufacturing and sales companies came to €1,033 million in 2012 compared with €2,395 million the previous year, representing 1.9% of their revenue versus 4.2% the year before. The generation of funds from operations was adversely affected by the Automotive Division's weaker performance in 2012. See section 9.2.3.1 Automotive Division.

The €602 million negative change in working capital mainly reflects the fall in trade payables of €835 million.

Consequently, funds from industrial and commercial companies present a positive balance of €431 million compared to €1,717 million in 2011.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network:

(in thousands of new vehicles)	2012	2011	2010
The Group	178	234	222
Independent dealer network	238	259	223
TOTAL	**416**	**493**	**445**

The new vehicles inventory at December 2012 totalled 416,000 new vehicles, representing a ratio of 65 days' sales [1], in line with the announced objective. At 31 December 2011, there were 493,000 new vehicles in inventory, representing 69 days' sales.

CASH FLOWS FROM MANUFACTURING AND SALES COMPANY INVESTMENT ACTIVITIES

The flows connected to investment in industrial and commercial activities stand at €2,450 million at the end of 2012, compared to €3,635 million at the end of 2011. In addition to those carried out by the Automotive Division, these include investments made by Faurecia, asset disposals and the sale of 75% of the capital interest in Gefco. Capitalised development costs amounted to €1,262 million versus €1,227 million in 2011 (see Note 7 to the consolidated financial statements at 31 December 2012).

CASH FLOWS FROM FINANCING ACTIVITIES OF MANUFACTURING AND SALES COMPANIES

The flows from the financing activities of the manufacturing and sales companies total €2,387 million, as opposed to -€2,663 million to 31 December 2011. This change reflects the following factors:

- changes in other financial assets and liabilities totalling €675 million, including a €1,944 million increase in loans;
- capital increase and premiums of €1,028 million;
- €89 million in proceeds from the sale of treasury shares to General Motors and preferential subscription rights on the market;
- the BPF dividend of €532 million, and the Gefco dividend of €100 million;.

NET CASH AND CASH EQUIVALENTS AT END OF PERIOD - MANUFACTURING AND SALES COMPANIES

Given the flows from operations, investment flows, and flows from financial operations explained above, and after taking the negative foreign exchange rate conversions of €6 million into account, net cash and cash equivalents at the year end totals €5,399 million, compared with €4,692 million at 31 December 2011.

Liquidity reserves for the manufacturing and sales companies amounted to €10,574 million at end-2012 versus €9,302 million at end-2011, with €7,324 million in cash and current & non current financial assets, and €3,250 million in undrawn lines of credit.

10.3.3. NET CASH AND CASH EQUIVALENTS AT END OF YEAR - FINANCE COMPANIES

At the year-end, the Bank had cash and cash equivalents of €1,669 million versus €1,154 million at year-end 2011 (see Note 35 to the consolidated financial statements at 31 December 2012), due in particular to net cash from operating activities of €1,050 million.

(1) Sales ratio: ratio calculated on the basis of sales forecasts for the next 3 months.

10.4. LIQUIDITY AND FUNDING

10.4.1. MANUFACTURING AND SALES COMPANIES

In the prevailing economic environment, the Group kept up its proactive and diversified financing strategy and conservative liquidity management in order to meet its general needs, particularly the financing of its activity and development projects. On occasion this may lead the Group to borrow on the French and foreign markets. This policy allows the Group to take advantage of early refinance opportunities and in turn to reinforce its financial security and its level of debt. This strategy enabled the Group to refinance its 2013 debt maturities on favourable terms. The refinancing transactions strengthened the balance sheet by maintaining the average life of debt.

With this in mind, in June 2012 the Group established an EMTN program with a €5 billion budget. Refinancing transactions carried out during 2012 were as follows:

- on 11 April 2012, Peugeot S.A. issued €600 million of 5,625% bonds due July 2017;
- on 21 February 2012, Faurecia carried out a €140-million tap on its €350-million issue of 9,375% senior notes due December 2016;
- on 3 May 2012, Faurecia issued €250 million of 8.75% senior notes due June 2019;
- on 18 September 2012, Faurecia issued €250 million of Oceane 3.25% bonds due January 2018;.

Peugeot S.A. and GIE PSA Trésorerie also have access to a €2,400 million confirmed line of credit originally expiring in July 2013 that was initially extended in July 2011 by one year to July 2014. In July 2012, Peugeot S.A. obtained a second one-year extension to July 2015 for a €2,225 million tranche. It was undrawn at 31 December 2012 (see Note 35.2). The drawdown of this line of credit is conditional on the ratio of the net debt of manufacturing and sales companies to equity being under one. Faurecia has undrawn confirmed lines of credit amounting to €850 million at 31 December 2012.

10.4.2. BANQUE PSA FINANCE

At 31 December 2012, 23% of funding was provided by bank facilities, 42% by the capital markets, 20% by loan securitisations placed on the financial markets and 15% by public sources such as the ECB (European Central Bank) and SFEF (Société de Financement de l'Economie Française, created during the recent crisis and tasked with raising funds through bond issuances in order to lend these to banks and financial institutions). At 31 December 2011, these sources had contributed 19%, 59%, 18% and 4% of bank funding respectively.

On 24 October 2012, PSA Peugeot Citroën announced that financing from Banque PSA Finance was to be strengthened for the benefit of the Group, its customers and the automotive industry as a whole, including dealer networks.

As part of the BPF's financing strategy implemented in 2012, Banque PSA Finance decided to increase recourse to securitisation and ECB REPOs to at least offset by end-2012 the disappearance of short-term financing on the capital markets as a result of the loss of the A2/P2 rating in July 2012.

At the same time, discussions were entered into with the French State to explore other avenues of financing for BPF: in particular, a French State guarantee for future bond issues of Banque PSA Finance under its EMTN programme. This was the only solution which would enable access to the financial markets without being affected by BPF's rating.

Under Article 85 of the Amending Finance Act of 29 December 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. The French State notified the European Commission of this guarantee on 7 January 2013. The Act provides for an agreement to be signed by the French State, Peugeot SA and Banque PSA Finance, which will notably describe the commitments made by the Group to the French State in return for this guarantee (cf Note 41 of the consolidated financial statements). A 5-member guarantee monitoring committee, comprising representatives of the French State and the PSA Peugeot Citroën Group, will oversee the coordinated implementation of the guarantee.

The Peugeot S.A. Supervisory Board, meeting on 23 October 2012, welcomed the announcement on Banque PSA Finance funding by the Group's banking partners and by the Government.

In addition, so as to improve employee involvement in Group governance, the Supervisory Board decided to initiate the process of the appointment, by the Shareholders' Meeting, of an employee representative as a member of the Supervisory Board.

The Supervisory Board also expressed its intention to actively pursue measures already taken to renew the Board's composition and increase the number of women members by the addition of a new, independent Board member. The intention is that this independent

Board member will become a member of the Board's Strategy Committee and an advisory member of the Supervisory Board. He or she will have an important role to play in the Group's governance.

The next Shareholders' Meeting will be called upon to approve the new Peugeot SA Supervisory Board which will include the addition of independent members.

The Supervisory Board of Peugeot S. A. decided to co-opt Louis Gallois as lead independent Director during its meeting on 12 February 2013. The appointment of Mr Gallois will be submitted to the Annual Shareholders' Meeting for ratification on 24 April 2013.

On February 11, 2013 the European Commission temporarily authorised the guarantee described in Note 37.1 for an initial amount of €1,200 million. A guarantee agreement shall be signed between the French State, Peugeot S.A. and Banque PSA Finance. This will set out the commitments made by the PSA Peugeot Citroën Group to the French State. Under this same agreement, Banque PSA Finances will undertake to pay the French State a commission on a monthly basis, equal to 260 basis points calculated annually on the principal outstanding and interest incurred by the debt benefitting from the guarantee. The matter has been referred to the European Commission for definitive authorisation under state restructuring aid rules.

A second guarantee agreement corresponding this time to the residual amount of €5,800 million will be signed once definitive authorization has been received from the European Commission under state restructuring aid rules

BANQUE PSA FINANCE ROLLS OVER ITS BANK FACILITIES

BPF renegotiated with its banking pool in parallel to obtain similar commitment and financing periods to those expected via the State guarantee on new bond issues. Throughout 2012, Banque PSA Finance rolled over most of its drawn-down and revolving bilateral lines of credit on expiry. These rollovers enabled the Bank to maintain its bank financing. At 31 December 2012, drawdowns on the Bank's lines of credit amounted to €4,915 million, down from €4,058 million at 31 December 2011.

In late 2012, Banque PSA Finance carried out a review of its syndicated lines of credit to extend the maturity of its revolving back-up facilities in the amount of €3 billion to three years, and to set up a credit facility with a maximum five-year maturity. The first extension was agreed in late December 2012 and the second, carried out using a Forward Start Facility, was signed on 11 January 2013. The credit facility was also signed on this date, in the amount of €4,099 million, with a large international banking pool.

Together, these transactions allow Banque PSA Finance to confirm the availability of €11.6 billion worth of medium-term bank financing.

Thanks to the roll-over of these bank facilities, along with securitisation programmes and planned issues of Government-guaranteed bonds, Banque PSA Finance now has robust sources of refinancing and good visibility of their amount and duration.

BANQUE PSA FINANCE MARKET TRANSACTION

Borrowings under short and medium-term capital markets programmes fell from €12,926 million at 31 December 2011 to €9,080 million at 31 December 2012.

Borrowings under short-term programmes (Sofira commercial paper issues and Banque PSA Finance CD issues) dried up following the downgrading of BPF's short-term notes by the rating agencies to A3/P3, falling from €3,754 million at 31 December 2011 to €147 million at 31 December 2012.

Responding to market demand for medium-term paper, Banque PSA Finance carried out two EMTN issues and two private placements in 2012. In June, as part of the continued drive to diversify its sources of financing, the Bank successfully placed its first Swiss-franc denominated bond issue. This issue raised CHF 225 million (€188 million at date of issue). In all, the issues represented an aggregate €1,528 million with an average maturity of around three years.

Upon completion, EMTN, BMTN and similar outstandings stood at €8,846 million at 31 December 2012, up from €9,172 million at 31 December 2011.

SUCCESS OF BANQUE PSA FINANCE SECURITISATION PROGRAMMES IN 2012

In addition, Banque PSA Finance accelerated its securitisation programme in 2012, with five successful securitisation operations carried out in four markets (France, the United Kingdom, Spain and Italy) amounting to €3,101 million of senior notes.

The first Auto ABS securitisation transaction, compartment 2012-1, was agreed in July 2012 on Crédipar leasing receivables and carried out via the French compartmentalised securitisation fund (Fonds Commun de Titrisation à compartiments) 'Auto ABS FCT'. A second Auto ABS 2012-2 S.r.l transaction on Italian credit sales was carried out using an Italian entity in October 2012.

In November, an Auto ABS 2012-3 securitisation transaction was agreed on Spanish credit sales receivables and carried out using a Spanish asset securitisation fund (FTA).

In December, an Auto ABS French Loans Master securitisation transaction was agreed on Crédipar credit sales receivables and carried out using the new French master securitisation fund (Fonds Commun de Titrisation Master). An Auto ABS UK Loans PLC securitisation transaction on UK credit sales receivables was carried out using a UK securitisation entity.

LIQUIDITY RESERVES

Banque PSA Finance constantly endeavours to strike the best possible balance between securing liquidity, which is an ongoing priority, and optimising its refinancing costs.

At 31 December 2012, 85% of refinancing had an initial maturity of twelve months or more (versus 80% at end-2011), ensuring continued solid coverage of potential liquidity risk.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. The average maturity of medium and long-term financing raised in 2012 is some 2.4 years.

Banque PSA Finance endeavours to maintain a certain level of cash reserves and undrawn lines of credit covering at least six months' financing needs. The 6-month target corresponds to the results of a stress test assuming continued financing of projected new lending without recourse to the financial markets. At 31 December 2012, the liquidity reserve amounted to €1,066 million. Banque PSA Finance has €6,726 million worth of undrawn committed credit facilities, including syndicated lines of credit amounting to €5,755 million.

At 31 December 2012, the syndicated back-up facilities expire on four dates: June 2013 (€1,755 million), June 2014 (€2,000 million), December 2014 (€277 million) and December 2015 (€1,723 million). These were obtained from syndicates of leading banks. These back-up facilities had not been drawn down at 31 December 2012.

The facilities in place at 31 December 2012 do not require BFP to comply with any financial ratios or other financial covenants, other than the customary negative pledge, cross default and similar clauses. They provide for the cancellation of the credit facilities if Peugeot S.A. does not directly or indirectly own a majority of Banque PSA Finance's outstanding shares.

The syndicated credit facilities were renegotiated and signed on 11 January 2013 in the reduced amount of €3,000 million (breaking down as €1,800 million expiring December 2015 and €1,200 million expiring January 2016), in light of the need to secure short-term borrowings at large discounts following the reduction in CD and commercial paper borrowings, BPF is required to respect additional covenants which provide that BPF must be able to provide a guarantee from the French State for its euro bond issues and must comply with a Common Equity Tier One ratio of at least 11%.

10.5. PROVISIONS FOR WARRANTIES

Please refer to Note 28.2 to the consolidated financial statements at 31 December 2012.

10.6. PENSION OBLIGATIONS AND SIMILAR

Please refer to Note 29.1 to the consolidated financial statements at 31 December 2012.

10.7. INFORMATION REGARDING ANY RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE MATERIALLY AFFECTED, OR COULD MATERIALLY AFFECT THE COMPANY'S OPERATIONS

Please refer to Note 27.1 to the consolidated financial statements at 31 December 2012.

10.8. INFORMATION ABOUT EXPECTED FUNDING SOURCES OR FUNDING THAT WILL BE NEEDED TO FULFIL CERTAIN COMMITMENTS

See section 10.4. above.

11

CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

AUTOMOTIVE EXPERTISE TO DELIVER USEFUL TECHNOLOGIES

Innovation, research and development are priorities for PSA Peugeot Citroën. They are a powerful lever for creating competitive advantage by addressing such major auto industry challenges as changing standards and legislation, rising environmental awareness, emerging mobility and networking needs and meeting customer expectations for product appeal. To continue actively preparing for the future, approximately €2 billion, or 5.32% of Automotive Division revenue, is allocated to Research and Development every year. This year, the Group continued the transformation plan it initiated in 2011 to improve the organisational, economic and technological effectiveness of its R&D.

As part of its on-going work to build the future the future, PSA Peugeot Citroën has established an Open Innovation process both internally and externally to broaden its opportunities. Development costs are being reduced, new trends detected and Time to Market accelerated. This process brings together wide range of stakeholders, such as universities, laboratories, suppliers, institutions, other manufacturers and customers in order to detect new trends, identify the best technological concepts and maintain the Group's international presence.

In 2012, R&D projects were directed towards:

- solutions to reduce carbon emissions: measures to lower vehicle weight, make more energy efficient powertrains with smaller carbon footprints and pave the way for alternative hybrid and electric powertrain development.

  As Europe's second-largest carmaker, PSA Peugeot Citroën again proves it ability to remain one step ahead technologically and environmentally through a new family of three-cylinder petrol engines and diesel hybrid models for which it is the pioneer and global leader. The 3008 HYbrid4, 508 HYbrid4, 508 RXH and DS5 HYbrid4 have already been a success, with nearly 22,000 models sold in 2012;
- the emergence of the communicating car with improved driver assistance systems for even greater safety and comfort and work on the connectivity between the driver and vehicle to integrate new clients uses.

R&D projects continue to expand internationally to such places as China, LATAM and Russia. This led to the 2012 launches of the Peugeot 208, 301, 4008, 308 China, 3008 China, 408 Russia and Malaysia; Citroën C Elysée, C4 Aircross, C3 LATAM, C4L China; and the EB and EC5 engines.

11.1. BUILDING THE FUTURE

11.1.1. MAINTAINING CAPITAL EXPENDITURE TO SUPPORT DYNAMIC R&D

SKILLS AND EXPERTISE

Cars are created through a unique design and development process within the Group: 15,900 PSA Peugeot Citroën R&D employees, of whom 14,250 are assigned to the Research & Development Department (DRD), 1,100 to the Latin American Division (DAML) and 550 to the Asia Division (DASI).

The Group has six technical centres worldwide: four in France (Vélizy, Sochaux-Belchamp, La Garenne-Colombes and Carrières-sous-Poissy), one in Shanghai (China Tech Centre) and one South America, in Sao Paulo (Latin America Tech Centre). The Automotive Design Network styling centre is home to the two brands' styling studios, plus the innovation and vehicle architecture teams. Lastly, two vehicle test centres are located in Belchamp and La Ferté-Vidame, France.

SIGNIFICANT INVESTMENTS

To enable PSA Peugeot Citroën to build the future, introduce exciting new concepts and offer a comprehensive range of innovative models, research and development activities were backed by substantial budgets in 2012, totalling around €2 billion for the Automotive Division (including development costs on existing vehicles) and €350 million for Faurecia.

More generally, the level of R&D and CAPEX expenditures related to automotive business was €3,750 billion in 2012, a slight drop from the 2011 total of €4,035 billion. Nevertheless, this will enable the Group to pursue the development of strategic products, continue to seek out innovative technological solutions and expand geographically.

In 2012, investments and capitalised R&D expenses were maintained at €3,814 million, of which €861 million for Faurecia, compared to €3,713 million in 2011, including €681 million for Faurecia. These investments corresponded in particular to capacity extensions at Wuhan III and Shenzhen in China, Porto Real in Brazil and Kaluga in Russia, and to the development of three-cylinder petrol engines (EB) found in the Peugeot 208 and other cars.

In 2012, R&D projects were directed towards:

- solutions to reduce carbon emissions: measures to lower vehicle weight, make more energy efficient powertrains with smaller carbon footprints and pave the way for alternative hybrid and electric powertrain development.
- the development of vehicles as part of the renewed Peugeot and Citroën lines: the average age of the line will still be 3.5 years, with 17 launches in 2013. The rate of change will continue, along with significant innovations.
- the emergence of the communicating car with improved driver assistance systems for even greater safety and comfort and work on the connectivity between the driver and vehicle to integrate new clients uses in the cars.

R&D projects in 2012 led to the launch of the Peugeot 208 and 301, the Citroën C-Élysée, 2 SUVs and EB engines, and continue to expand the scope of its international business, particularly in China, Latin America and Russia. These projects made it possible for the Group to launch four hybrid models in 2012, achieving second place among hybrids in Europe and gaining a 14% market share one year.

The years 2011 and 2012 corresponded to peaks in the Group's investments associated with capacity extensions in China (Wuhan III, Shenzhen), Latin America (Puerto Real) and Russia (Kaluga) and investments for EB engines. The Group must return to more normal levels of investment, with -€600 million announced in 2013. This level will enable the Group to continue its investment in product R&D and innovation, thanks to the sharing of development costs with its partners.

IMPROVED EFFICIENCY

In 2011, R&D undertook a transformation plan to improve its performance: DRIVE (Development Research and Innovation Value Enhancement).

This plan is based on the Group's ambitions:

- An upmarket approach: introduce ambitious and innovative products with original designs that combine connectivity and mobility as a well-timed response to societal issues such as carbon emissions reduction and new mobility needs;
- Global Group: organise R&D on a global scale, adapt the car of tomorrow to the needs of customers throughout the world;
- Operating efficiency: continue to improve skills, optimise operating procedures and processes;

DRIVE will save 25% in R&D expenditures over four years.

In 2012, the gains made were in line with objectives thanks to efforts by all teams, who contributed to the improvement of R&D productivity. At the end of 2012, these savings totalled €369 million.

INVESTING IN THE FUTURE

In 2009, the Group decided to renew Platforms 2 and 3 and take the opportunity to invest heavily with EMP2 (Efficient Modular Platform 2), a unique and effective modular platform that will enable the development of C [(1)]-, D- and E-segment vehicles. This new strategic platform for the Group is a response to some significant challenges:

- an expanded and global product offering through modular policies;
- increased freedom of style;
- significantly lighter-weight vehicles: 70 kg for sedans to 80 kg for MPVs;
- significant carbon-emission improvements: -22%;
- increased industrial flexibility with mixed-use facilities that are identical from site to site.

The optimised modular platform (EMP2) was presented in early January 2013. The first vehicles to emerge from that platform will be released in the first half of 2013. EMP2 is currently in place in Sochaux and Vigo and will also be deployed in China in 2014.

Efforts devoted to R&D were on display at Innovation Day on 22 January 2013, where the Group presented several innovative technologies, including:

- Hybrid Air, a petrol and compressed air full-hybrid solution that represents a key step towards the 2l/100km car;
- Its new global modular platform EMP2 (Efficient Modular Platform 2) provides effective solutions in terms of modularity, equipment and CO_2 reduction;
  Selective Catalytic Reduction (SCR), an innovative technology for eliminating diesel NO_x emissions, which will be launched in 2013.

In addition, to meet its goal of achieving 50% of its sales outside Europe by 2015, PSA Peugeot Citroën invested in its priority areas of development: Asia, Latin America (LATAM) and Russia, with peak investment during the period 2011-2012 (see paragraph 11.1.3).

AN ACTIVE PATENT POLICY

According to the ranking released by National Intellectual Property Institute (INPI) in March 2012, PSA Peugeot Citroën was once again France's leading patent filer for the fifth consecutive year, with 1,237 patent applications published in 2011. Sustain such an high number of patent filings in a lacklustre business environment attests to the Group's deep commitment to R&D.

An assertive patent policy was launched in the early 2000s with the establishment of a number of initiatives such as and incentive system of bonuses paid to inventors when a patent application was filed, the implementation of a ranking of inventors and the creation of a network of patent facilitators that efficiently relayed patent information within the various Group Departments.

In 2011, this policy underwent significant changes to further strengthen protections for technological developments considered

(1) Segment B: city cars.
Segment C: compact cars.
Segment D: so-called "family" cars.
Segment E: so-called "road" and "luxury sedan" cars.

strategic and innovations begun in vehicle or organisational projects or were implemented in factories. PSA Peugeot Citroën thus consolidated a high-value portfolio.

Current patent applications are meant to protect existing “engine” developments for reducing CO_2 emissions and pollution. For example: SCR technology, a solution created by the Group to meet the upcoming Euro 6 standards. The Hybrid Air technology, a petrol and compressed air full-hybrid solution that represents a key step towards the 2l/100km car by 2020, was the object of 80 patents filed by the Group. Similarly, the protection of new alternative powertrains is always on the agenda in preparing the HYbrid4’s successor and in reducing the cost of hybridization and CO_2 emissions. For body structures, patent filings are the result of research into lighter and safer vehicles, for both occupants and pedestrians, and also cover the product and the manufacturing process. In terms of equipment, without sacrificing the protection of future passengers or the quality of interiors, special focus is given to protecting developments in electronic architecture adapted to the new alternative powertrains, connectivity (Vehicle Smartphone integration) and Human Machine Interfaces (touchscreens). Driver assistance technologies (ADAS): Lane change assist systems, blind-spot detection, VisioPark parking and panoramic Head-Up Displays are also the object of special attention due to the ever-rising expectations of customers. As are the rear signalling lamps and selective headlamps, MagicWash windscreen wipers and passenger comfort.

The new patents have strengthened a portfolio of innovations that offer real potential for differentiation in a demanding, constantly changing market and thereby setting the Group apart from the competition.

11.1.2. NETWORKED INNOVATION AND DEVELOPMENT

An outward-facing strategy is the key to successful innovation at a time when the automotive industry is facing many technological, environmental and social challenges and the ability to swiftly identify and develop technologies at less cost has become essential to sustaining competitive advantage. It also plays a critical role in identifying the breakthrough technologies that will enable the design of the vehicle of the future. Convinced that the only way forward is Open Innovation, an inwardly and outwardly focused process that will offer a wide range of opportunities reduction of development costs, detection of new trends and Time to Market acceleration, PSA Peugeot Citroën is structuring its work around this approach.

The Group has formally defined its vision of Open Innovation: Open Innovation is a policy of expanded relationships driven by the shared creation of value, in which relationships with various ecosystems are built and managed. Making Open Innovation happen means bringing together the stakeholders from each ecosystem in the innovation process to create more value for everyone.

The four ecosystems to be covered have been identified: individuals (Employees, users, customers), businesses (SOHO, SME, large companies), academia (universities, laboratories) and institutions (local governments, public authorities, competitiveness clusters, Europe, Cities).

IDENTIFYING NEW USES

In 2012, the Group launched initiatives targeting the “individuals” ecosystem made up of employees, users and customers to identify new uses, meet needs, gather and evaluate ideas – in short, to co-create.

To involve all individuals in the innovation process, PSA Peugeot Citroën is developing collaborative and participatory approaches to allow it to collect, analyse, use and transform, emerging trends and people’s needs and ideas into technologies or services.

Emphasising the usage and market aspects of the innovation process will provide customers with technologies that can better meet their expectations and be used in new ways.

In late 2011 and early 2012, new methods were tested: internal or external idea competitions or challenges. The opinion of road users was sought out on a strategic issue to give new impetus to research and boost creativity.

- From October 2011 to January 2012, an *external ideas challenge* was organised in the form of the Citroën Creative Awards, in which 450 ideas were collected and analysed. This initiative was re-launched in December 2012.
- An *internal ideas challenge*, the Connected Users Challenge, the first Group-wide ideas challenge, was organised in April 2012 around the theme of connectivity. In total, with 7,000 visitors, the Group received more than 1,000 ideas, 3,500 comments and 5,000 notes! Four winning ideas were selected to produce a working model and three others to create a video to illustrate future uses of connectivity. Thirteen other proposals selected by the jury will continue to be developed communally. This first collaborative experience was so promising it was decided the practice would be continued, with specific challenges for different themes.

  Through this collaborative and friendly exercise, the Group explored the range of possible challenges surrounding communicating cars.

  This initiative and the participatory and collaborative innovation strategy implemented as a result was also recognised at the Participatory Innovation Awards organised in November 2012 by the association Innov’Acteurs.

SHARING DEVELOPMENT

PSA Peugeot Citroën has a long tradition of targeted cooperation and, for a few years already, has been involved in an active and balanced dialogue with its suppliers. PSA Peugeot Citroën and Ford are the world's leading manufacturer of diesel engines, while the PSA Peugeot Citroën/BMW petrol engines set the industry standard in their category. Cooperation with Ford continues on 1.4-liter to 1.6-litre engines, with derivatives designed to meet the Euro 6 standard, which will come into force in 2014.

We are also the European leader in light commercial vehicles thanks to cooperation with Fiat. These highly beneficial joint ventures have also enabled us to enter new market segments such as sub-compacts with Toyota and compact light commercial vehicles with Fiat/Tofas, vans and medium-range commercial vehicles with Fiat, large commercial vehicles with payloads from 1,100 to 2,000 with Fiat and electric vehicles and 4x4s with Mitsubishi.

Fiat Group Automobiles and PSA Peugeot Citroën continued their discussions about the future of their Sevelnord joint venture. Under the terms of this agreement, it was decided that Fiat's investment in Sevelnord would be transferred, and that manufacturing of light commercial vehicles for the two groups would continued until the new Euro 6 emissions standards come into effect at the end of 2016.

In July 2012, PSA Peugeot Citroën and Toyota announced a new agreement on light commercial vehicles for the European market. As a first step, starting in the second quarter of 2013, PSA Peugeot Citroën will supply Medium Size Vans derived from its existing vehicles Peugeot Expert and Citroën Jumpy. The agreement also includes collaboration on next-generation vehicles. The future of medium-range light commercial vehicle will be produced on the Valenciennes-Hordain (Nord) site. This decision will guarantee the future of the site. It represents a total investment of over €750 million, including more than €400 million dedicated to R&D. It is expected that Toyota Motor Europe will be directly involved in development of and industrial investment in the next generation of vehicles. No equity investment or joint production is planned. The collaboration is expected to last beyond 2020.

In February 2012, General Motors and PSA Peugeot Citroën announced the creation of a Global Strategic Alliance. One of its main pillars is sharing vehicle platforms, components and modules on global basis. Several working groups have studied the feasibility of this. In December 2012, the two partners announced the signing of agreements for three platform and vehicle joint development projects. The first vehicles from this collaboration are expected to go on the market in 2016. These projects will be developed combining the best platform architectures and technologies from the Alliance partners, including the EMP2 platform. The scope of the Alliance also includes a joint engine project: a new generation of small, economical petrol engines and high performance derived from the PSA Peugeot Citroën small petrol engines programme (the EB engine). Finally, the partners confirmed their intention to develop new vehicles or industrial projects worldwide, in Latin America or in other growth markets.

On 31 October 2012, PSA Peugeot Citroën and the BMW Group announced the end of their partnership initiated through the BMW Peugeot Citroën Electrification joint venture. The BMW Group will take over the activities of the business unit. Cooperation between the two groups on petrol engines continues.

In 2012, the Group also partnered with non-automotive actors such as EADS or Rhodia for large composite parts or innovative emissions control equipment.

With the implementation of its Open Innovation strategy, the Group will continue to seek new partners, identify expertise and share developments.

REAPING THE BENEFITS OF EXPERTISE

To remain at the forefront of automotive products and services, the Group forges close partnerships in Europe and internationally with the academic world. Universities and the most advanced laboratories in their field are targeted to benefit from their expertise and explore ways to branch out into new research.

In October 2010, PSA Peugeot Citroën announced the creation of the StelLab (Science & Technologies Exploratory Lean LABoratory) to lead its scientific partnerships. Its mission is to foster interdisciplinary discussion and dialogue, both in-house and with outside partners in academia.

Two years later, with the creation of eight OpenLabs (joint research structures that pool the Group's research and experimental facilities teams and those of partner laboratories) and six academic chairs on Campuses of Excellence, the StelLab is a reality which reflects the Group's effort to be open the scientific world. Thanks to these partnerships, the Group will be able to explore major issues concerning the future of the automobile and closely track future scientific discoveries around the world.

To date, 10% of the Group's scientific research activity is carried out within OpenLabs and more than 25 technological gems have already been produced there with our university partners.

In addition to the six OpenLabs announced in 2011 [the Automotive Motion Lab with the Institute of Science and Motion (ISM) in Marseille; Electronics and Systems for Automotive with the Laboratoire de l'Intégration du Matériau au Système (IMS) in Bordeaux; Energetics with the PRISME laboratory in Orléans; the Materials and Processes competency centre in Metz with three academic partners, the Georgia Tech-CNRS Unité Mixte Internationale (UMI), the Ecole Nationale Supérieur d'Arts et Métiers de Metz, and the Centre de Recherche Publique (CRP) Henri Tudor in Luxembourg; Fluidics in Poitiers with the Institut Pprime; and Computational Mechanics in the Paris region, with the Ecole Polytechnique Solid Mechanics Laboratory (LMS) and the Materials Centre of the Ecole des Mines] two OpenLabs were added in 2012: Vibro Acoustic Tribology with the Ecole Centrale de Lyon, and OpenLab Competitive Intelligence with the Université Montesquieu Bordeaux 4, the CNRS and GREThA, the Research Group in Theoretical and Applied Economics. This OpenLab focuses on Humanities and Social Sciences and will strengthen the strategic vision of innovation and make it possible to anticipate major technological changes in the automotive industry.

Moreover, a shared research platform called OpenLab Design was launched in the autumn of 2012. The purpose of the structure is to enable work with the three main schools of French Design (Strate Collège, ENSCI - Workshops and the Nantes School of Design) on PSA Peugeot Citroën's future concepts. Other design schools will soon join this partnership with universities.

The StelLab network is present internationally with the StelLab@EFPL innovation cell at the École polytechnique fédérale de Lausanne (EFPL), with the OpenLabs at the University of Pekin (PKU) on driving assistance and at the Pontificia Universidade Católica (PUC) of Rio on biofuels, and with the partnership with the University of TongJi (Shanghai) on human-machine interfaces.

In 2013, the Group will reinforce its work through partnerships by launching the "Biology-Chemistry-Physics" Open Lab with the Université de Versailles Saint-Quentin (UVSQ), the Université Pierre & Marie Curie (UPMC), the CNRS (the national research centre) and the Collège de France.

SUBSIDISED COLLABORATIVE RESEARCH

For the success of its R&D policy, the Group works with institutions such as Ministries, local governments, the French National Research Agency (ANR), the Agency for the Environment and Energy Management (ADEME), competitiveness clusters and the European Commission. This dialogue enables it to benefit from research support through grants and subsidies and have experimental sites to address the societal challenges of sustainable mobility.

Participation in projects funded by the government has two major advantages:

- broad access to all project work, including work produces by partners, otherwise known as "leverage";
- payment of state aid, which has financial impact on the Group in terms of earnings and cash.

The projects subsidised are mostly upstream research projects rather far removed from the market. Nevertheless, several projects have resulted in relevant working models (such as VéLV, HYDOLE, see chapters 11.2.3. and 11.2.2. respectively, etc.) and helped to remove technological barriers, thus foreshadowing future innovations.

Downstream from the research models, the testing of these technologies at the pre-production stage before industrialization can also be supported by the Investments for the Future Programme (PIA). The Investments for the Future Programme was launched on 14 December 2009 following the work of the Committee tasked with considering the strategic priorities of the Great National Loan. The purpose of this programme is to prepare France for the challenges of tomorrow by investing up to €35 billion in higher education and training, research, industry, SMEs, sustainable development and the digital economy.

In the Routier section of the Transports programme, PSA Peugeot Citroën is involved in several projects of its own, via GIE RE PSA Renault and via the Groupement Scientifique Moteur (GSM).

In addition, Renault and PSA Peugeot Citroën have offered to coordinate projects to support the development of materials & process industries that meet the challenges of producing lighter-weight automotive products by 2018-2020. These proposals are part of a programme coordinated by two manufacturers called FASTLITE.

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

The Group also participates in the Promotion of Research programme in the Institutes for Technological Research (IRTs):

- "M2P" Metallurgy and Process Materials;
- "SystemX" Digital Systems Engineering;
- "Jules Verne" Composite Materials;

and in the "Energy" programme with involvement in the Institute of Excellence in Low-Carbon Energies (IEED) and "VEDECOM" for sustainable individual mobility.

11.1.3. BECOMING MORE GLOBAL TO GET CLOSER TO OUR MARKETS

While the heart of PSA Peugeot Citroën's R&D capabilities remain in Europe – and particularly in France, where around 85% of our researchers are based, the deployment and growing expertise of our development centres in São Paulo and Shanghai are helping to drive our expansion in the global marketplace. They play a critical role in helping the Group to:

- address the specific expectations of local customers in terms of body styles, architecture, comfort and other factors;
- align our vehicles with local driving conditions, usage patterns and other needs;
- leverage local content opportunities consistent with our modular strategy.

These international development facilities will also be home to certain advanced research and engineering operations with local units specialised in such areas as biofuels, green materials and flexfuels in São Paulo or human machine interface design for Asian markets in Shanghai.

Among other benefits, this organisation contributes to project success, eliminates overlap, improves reactivity and optimises management of R&D activities worldwide, while ensuring competitive development costs and time-to-market cycles.

More generally, PSA Peugeot Citroën is committed to becoming a global Group, generating 50% of sales outside Europe in 2015. Meeting this objective requires investing in the Group's priority growth regions of Asia, Latin America and Russia, with a peak in investment during 2011-2012.

ASIA

CHINA

In 2010, PSA Peugeot Citroën and Dongfeng Motors (DFM) announced that their partnership through the **Dongfeng Peugeot Citroën Automobiles (DPCA)** joint venture was being broadened and that DPCA would finance the investment of more than RMB 11 billion over the next five years.

- **A strengthened product plan**: the broader partnership plans to launch at least one new vehicle per year and per brand (Dongfeng Citroën and Dongfeng Peugeot). This ambitious product plan will not only extensively refresh the current model line-up, but also expand the Peugeot and Citroën brands' local market coverage. As part of the partnership with Dongfeng Motors, the Wuhan plant began producing the Peugeot 408 and Citroën C5 in 2010. The July 2011 introduction of the Peugeot 508 and the 308 at the end of the year now means that Peugeot offers a world-class line of models aligned with local car buyer expectations in the D segment, which accounts for 20% of the Chinese market, and includes special features that meet the needs of Chinese customers.
  The Peugeot 308 is the best-selling model for the brand and the Group. The Citroën C4 sedan is in the Top Five in its segment.
  The new Citroën C4 - L and Peugeot 3008 were unveiled at the end of 2012 and will be sold from the start of 2013.

In 2015, the Wuhan plant will be capable of producing 750,000 units a year.

- **A clean vehicle plan and a revitalised engine line-up**, in line with PSA Peugeot Citroën's strategy of halving its corporate average CO_2 emissions in China by 2020. At the same time, DPCA is moving forward in hybrid technology with its forthcoming Stop&Start-enabled models.
- **New production capacity**: to support the current fast growth in DPCA sales, PSA Peugeot Citroën and DFM are building a third production plant for the joint venture, based in Wuhan, whose cornerstone was laid on 18 May 2011. The construction of the third plant in Wuhan continues and it will be in operation in the second half of 2013. The plant is being built in two stages, enabling it to produce 150,000 vehicles a year in 2013 and 300,000 in 2015. It will produce midrange and lower midrange cars alongside the Wuhan 1 plant, which is nearly saturated. Scheduled to come into production in 2013, the joint venture's total capacity is expected to reach 750,000 vehicles by 2015, while complying with highest environmental standards. The installed production base will enable DPCA to keep up with growing demand and increase its share of the Chinese market.
- **Retail**: DPCA is continuing to deploy the Dongfeng Peugeot and Dongfeng Citroën dealerships and enhance their quality, with the goal of providing outstanding, close-to-the-customer service. By 2012, each brand will have dealerships in China's 300 largest cities, backed by an additional network of several hundred agents. Lastly, as part of its strategy of expanding in Asia, PSA Peugeot Citroën is studying the possibility of exporting part of DPCA's assembled vehicles and CKD units to other countries in the region. The number of dealerships grew quickly in 2012 to 728 (+13%).

Together, these initiatives will help DPCA to meet its goal of serving 5% of the Chinese market by 2015.

2012 marked the commercial launch of the DS line by the Group's second joint venture in China.

This joint venture between PSA Peugeot Citroën and CCAG is capitalised at RMB 4 billion, with each partner owning a 50% stake (representing on initial investment RMB 2 billion or around €210 million for PSA Peugeot Citroën). The total initial investment amounts to RMB 8.4 billion (approximately €935 million), including RMB 4 billion in equity. It is the largest joint venture created in the automotive industry in China in recent years.

This second Chinese company will enable the Group to develop more premium products, in line with the Group's strategy of moving upmarket. The second joint venture of the PSA Peugeot Citroën Group in China, with Changan, is operational. The DS line was launched on 28 June and already had 25 dealerships as of late December. This commercial launch will be accompanied starting in the second half of 2013 by the commencement of local production in Shenzhen with a factory with a capacity of 200,000 vehicles per year.

It will have two production lines: one already exists and will be renovated while the other remains to be built. Each line will be dedicated to the production of a specific line of vehicles. It will also have its own R&D centre.

Lastly, the Shanghai R&D centre will count 600 engineers and stylists, recruited from the brightest talent in China. In its supporting role for both joint ventures, it will design products that are completely tailored to the needs of Chinese customers. It will be a world centre for developing new energies.

At the same time, each joint venture also invests in subassemblies development with new engines capacity expected from 2014.

LATIN AMERICA

PSA Peugeot Citroën celebrates ten years of engine production in Brazil.

A decade ago, the Group inaugurated Porto Real engine plant, the industrial unit that includes the Porto Real Production Centre n the State of Rio de Janeiro and produces engines for Citroën and Peugeot vehicles made in Latin America. The plant is highly efficient and considered a world model within the PSA Peugeot Citroën Group. It began production in 2012 with two new modern engines that were developed in Brazil:

- the EC5 1.6 16V engine, first Brazilian flex-fuel engine to have eliminated the cold-start fuel reservoir and be equipped with a variable-flow oil pump, among other innovations;
- the TU4 1.5 engine, with its many modern features, helped the New Citroën C3 get an A for energy efficiency for the Inmetro energy label.

The engine plant in Porto Real has been a strategic part of PSA Peugeot Citroën's consolidation on the domestic market in recent years. It is a fundamental part of the Group's future growth plans in Brazil and Latin America. From its inauguration in 2002 until today, the industrial unit has already produced nearly 1.4 million engines, 35% of which have been exported.

Originally designed to produce 50,000 engines per year, the engine plant in Porto Real develops employee training and best practices in production and processes as part of the PSA Excellence System, which has made it an operational benchmark in the PSA Peugeot Citroën Group around the world. As a result, the plant is continuously increasing its production volume without having to make significant increases to its physical surface area. The largest surface area extension took place in 2009, with the opening of the Machining Unit, which is installed in a specific building and makes and cast-iron engine blocks and aluminium cylinder heads for 1.6-litre engines.

Last year, as part of the investment plan that PSA Peugeot Citroën is implementing in Brazil between 2010 and 2015, the engine plant saw its production capacity increase from 220,000 to 280,000 units per year for 1.4 8-valve, 1.5 8-valve and 1.6 16-valve flex-fuel and petrol engines,. To accomplish this, it received new equipment and new jobs and invested in continuous improvement of manufacturing processes, in terms of both quality and safety.

At the same time, the PSA Peugeot Citroën Porto Real Production Centre in the State of Rio de Janeiro, Brazil, produced its millionth vehicle. It was a Citroën C3, and it left the production line 11 years after the inauguration of the plant, and precisely when the Group proceeded to expand its production capacity.

The capacity extension work at the Porto Real plant allowed production to increase from 29 to 40 vehicles/hour. The new Peugeot 208 will be produced there from the first half of 2013 in addition to a renewed range.

In Latin America, the Group achieved its breakeven operating result in the second half of the year thanks to:

- the successful launch of the Peugeot 308 in March and the new Citroën C3 in August in Brazil;
- excellent Group results in Argentina, with an 0.8% increase in market share to 13.8%;
- the imported DS line introduced last year, to support the strategy of moving upmarket.

These launches went hand in hand with a 7% extension of the network, which now has 629 dealerships.

RUSSIA

At its opening ceremony July 4, 2012, PCMA Russia, an assembly plant joint venture between PSA Peugeot Citroën (70%) and Mitsubishi Motors Corporation (30%) kicked off its entire production.

The production of the first model assembled with CKD, the Peugeot 408 in July 2012, and its commercial launch in September. It was followed by the new Mitsubishi Outlander 4x4, starting in November 2012. After that, the range of models assembled in the factory will extend to Citroën vehicles.

In order to reduce the impact of production on the environment, PCMA Rus uses the most advanced technologies in the automotive industry in terms of energy savings, carbon dioxide emission reduction and waste volumes from production. Around €550 million of investments have been made in the construction of the plant.

The Russian car market, which is among the most dynamic in the world, offers manufacturers a wide range of development opportunities. To keep pace with the market, it is essential to have on-site production. The deployment of large-scale production capacities by PCMA Rus will significantly increase production volumes on the Russian market and consolidate the positions of the brands. This decision reinforces the PSA Peugeot Citroën globalisation strategy. Since it opened in 2010, the plant has assembled five vehicle models: the Peugeot 308 and 4007, the Citroën C4, Citroën C-Crosser and the Mitsubishi Outlander. To date, PCMA Rus has assembled 99,000 vehicles. The Group has ensured the production of models that correspond as closely to the needs of the Russian market. The operation of a large-scale plant will allow us to produce 125,000 vehicles per year. The production capacity of the Peugeot and Citroën C-segment will be 85,000 units, and the remaining 40,000 will be allocated to Mitsubishi 4x4s.

From the early stages of the full-scale production process, Russian components will be integrated with assembled products, including stampings, bumpers, wheels, tyres, seats and dashboards. Further progress in PCMA Rus production capacity and the increased use of local purchases will contribute significantly to the development of the automotive parts industry in Russia.

Peugeot and Citroën have continued to expand their networks, which now cover more than 90% of the Russian territory and the 25 largest cities in Russia. With 148 dealerships, Russia saw 18 new openings in 2012.

In addition, the Kaluga plant has been fully operational since July 2012.

As the second-largest market in Europe, Russia is considered by PSA Peugeot Citroën to be a key region for long-term development.

PSA Peugeot Citroën sales in Russia grew by 5% in 2012. The dealership network, which continues to expand (18 new openings in 2012), covers 90% of the market. In addition, the six new models launched this year provide a strong base for future development.

11.2. IMPROVING FUEL EFFICIENCY AND SAFEGUARDING THE ENVIRONMENT

PSA Peugeot Citroën is aware of the transport industry's responsibilities in reducing greenhouse gas emissions.

The Group is the European leader in vehicles with low fuel consumption and CO_2 emissions. In 2012, over half (51.5%) of the passenger vehicles sold in Europe by the Group emitted less than 120 g of CO_2/km.

In 2012, the Group was the European leader in both the passenger car segment under 100 g, with a 28.7% market share (or 279,000 PSA Peugeot Citroën passenger vehicles registered) and the segment of vehicles under 110 g CO_2/km with a 22.4% market share (or 556,000 cars registered).

PSA Peugeot Citroën reduced new vehicles' average CO_2 emissions in its new passenger vehicles to 122.5 g/km in 2012, from 127.9 g of CO_2/km in 2011 and 132.0 g of CO_2/km in 2010.

R&D efforts have allowed the Group to launch four hybrid models in 2012, which allowed it to reach second place among hybrids in Europe with a 14% market share gained in one year.

As part of our sustainable development commitment, half of our technological research efforts are dedicated to clean technologies that help to shrink our vehicles' environmental footprint. This research is based on the following strategies:

- optimising IC powertrains (reduced fuel consumption and vehicle emissions);
- optimising petrol and diesel powertrains;
- reduced CO_2 emissions outside the powertrain making vehicles lighter, which in turn improves at all levels (fuel efficiency, reduction of raw material content) the use of green materials (recyclable, recycled, bio-sourced).

Our latest models are all engineered to deliver extremely innovative environmental performance. For example, the 208 rolled-out in 2012 combines a host of environmental technologies, with diesel versions that consistently emit less than 99 g of CO_2/km, new, particularly efficient three-cylinder petrol engines and 25% "green materials" (recycled or made from organic matter) in its total polymers by weight. It releases an average 34 g/km less CO_2 than the 207, making it the leader in its segment.

For the past ten years, the Group has been developing advanced technologies to reduce emissions in general, and pollutant emissions in particular, such as the HDi engine, DPF and SCR (Selective Catalytic Reduction); Group innovations are often pioneering.

11.2.1. OPTIMISING IC POWERTRAINS

PETROL ENGINES

The start of 2012 was marked by the launch of the EB engine, a family of three-cylinder petrol engines that improve engine efficiency while reducing emissions (thanks to the smaller cylinder size) and maintain power and torque performance. More compact and outputting 68 to 82 horsepower, the new engines will reduce fuel consumption and CO_2 emissions by 25% compared with today's equivalent four-cylinder units. Drivers will see their fuel bill decline by approximately 1.5 litres per 100 kilometres while continuing to enjoy the same great driving experience. These new three-cylinder fuel engines power the Peugeot 208, which was launched in 2012. It will emit just 104 g/km of CO_2 in its 1.2-litre VTi 82 hp version, compared with 150 g/km for the previous version, and 99 g/km in its 1.0 litre VTi 68 hp version The EB engine is produced on the Trémer sire near Metz, which has an annual potential of 640,000 engines.

In June 2012, the four-cylinder 1.6-litre turbocharged direct fuel injection petrol engine developed jointly with BMW won the International Engine Award given by the publication. for the sixth consecutive year. This award was more specifically for the 200 hp. Version, provided in the Peugeot RCZ, 308 CC and 308 GTI and the Citroën DS4 and DS5. This engine offers increased performance at 147kW (200 hp) and a torque of 275 Nm, combined with 155 g/km of CO_2 on the Peugeot RCZ and Citroën DS5. The 1.6-litre gasoline turbo is the latest and best of a complete family of 1.4-litre and 1.6-litre capacity engines and offers power from 95 to 200 hp. Equipped with the latest technological advances (direct injection on the turbo version, variable valve lift, volume flow-controlled oil pump and on-demand water pump), this family of engines offers reduced fuel consumption and emissions of 10% compared to the previous generation.

Nearly 75% of Peugeot and Citroën models contain a 1.6-litre or 1.4-litre petrol engine from this family. The 1.6-litre engine equips the Peugeot 308, 3008, 5008, 508 and Citroën C3, C3 Picasso, C4, C4 Picasso and C5, DS3, DS4 and DS5.

Work on petrol powertrains is being pursued, so that by 2013 a complete range of high-performance, energy-efficient petrol engines is available for use. The range is built around three families, deployed across all geographical regions:

- the EB family consists of naturally aspirated EB0 1.0 L and EB2 1.2 L versions with power from 68 to 82 hp.

  Direct Injection Turbo versions EB2DT 1.2 L/110 hp and EB2 DTS 1.2 L/130 hp. The EB turbocharged direct fuel injection engines will be launched in Europe in 2013 to replace the EP naturally aspirated engines. The Turbo versions will be installed locally in China in 2015, where they will be offered along with EC naturally aspirated engines. They will accompany the changeover expected in China from old, naturally aspirated, large-displacement engines to downsized engines that are more efficient and cleaner. Local inclusion in Latin America of EB Flexfuel versions is also planned in the future;
- the EC family, comprising the EC5 1.6-litre/115 hp and EC8 1.8-litre/136 hp naturally aspirated engines based on the traditional TU units that have been extensively deployed in China, Latin America and overseas markets;
- the EP family, developed in cooperation with BMW, comprising the EP6FDT 1.6-litre/156 hp, EPF6DTX 1.6-litre/200 hp and EP8 FDT 1.8-litre/200 hp (for China) turbocharged direct fuel injection engines.

DIESEL ENGINES AND EMISSION CONTROLS

As the current European leader in terms of CO_2 reduction, PSA Peugeot Citroën is continues to develop its engines to provide its customers with vehicles optimised in terms of CO_2 emissions and fuel consumption. In 2012, efforts were mainly focused on the 1.6 HDi 92 diesel and 115 hp engine produced on the French plant site in Trémery (Moselle). The Group deployed new technologies in these engines to reduce fuel consumption and CO_2 emissions by around 6%:

- new variable-flow oil pump that adjusts the effort made from the engine to the minimum necessary;
- new engine oils and low-viscosity gearbox to reduce mechanical losses by friction;
- new-generation crankshaft seals to reduce clamping force and thus friction;
- alternator pulley redesigned to reduce the tension from the belt;
- low-friction vacuum pump to prevent energy loss.

The Citroën C4 Picasso, C3 and Peugeot 208 models, which are equipped with a 1.6 HDi engine first incorporated these optimisations in September 2012. Coupled with other improvements in each vehicle, they enable widely marketed models to emit particularly low levels of CO_2, which has tax advantages in many European countries. These developments offer individuals an added incentive to purchase and businesses reduced taxes on company vehicles. The fuel consumption of these vehicles will also be significantly reduced.

For over ten years, the Group has developed technologies to reduce emissions in general, and pollutant emissions in particular, such as HDi, DPF and SCR (Selective Catalytic Reduction) engines. The Group is already building for the future to further reduce gaseous emissions in general. The SCR placed before the particle additive filter will be widespread in the near future on the entire diesel range. The goal is to fall under the threshold of 80 mg/km for nitrogen oxides (NOx) to comply with the Euro 6 standard applicable in 2014 while continuing to improve fuel consumption and CO_2 emissions.

TRANSMISSIONS

In manual gearboxes, gear ratios have been aligned with new driving styles to help reduce CO_2 emissions and work on improving gear shifting.

Regarding automatic gearboxes, efforts continued in 2012 on the adaptation of a new generation of boxes (AT6 III and AM6 III) and the improved performance which can reduce the overall consumption of the traction chain by around 15%.

11.2.2. OPTIMISING HYBRID POWERTRAINS

The Stop&Start system, the first level in hybrid technology in internal-combustion engine vehicles, is especially effective in city driving, where vehicles spend about 30% of their time at rest for an average of 15 seconds, resulting in unneeded waste. For customers who travel short distances or drive in urban areas, EV solutions will be brought to market this year. For motorists who need a more versatile vehicle for city driving during the week as well as longer trips on weekends, the Group offers a full Hybrid and will soon propose a plug-in hybrid.

MICRO-HYBRIDS

The e-HDI diesel engine with the second generation Stop&Start technology helps to reduce carbon CO_2 by up to 15% in city driving. In addition to the optimised CO_2 gains, e-HDI also offers outstanding driving pleasure thanks to the technology used by the Group. It is equipped with a second-generation reversible starter-alternator, which is vibration-free and runs much faster and at lower temperatures than the reinforced starter-alternators used by the competition;

The e-HDI's unrivalled performance reflects the combination of several technologies:

- an HDi engine, one of the market's most efficient powerplants in terms of noise, fuel consumption, emissions and driving comfort;
- a Stop&Start system that instantly turns off a car's engine whenever the car is at rest (for example at a stop light or in a traffic jam) and is equipped with a second-generation reversible starter-alternator developed in cooperation with Valeo and Continental, which is vibration-free and runs much faster and at lower temperatures than the reinforced starter-alternators used by the competition;
- an e-Booster system that enables immediate engine restart (0.4 second);
- an electronic starter-alternator management system for regenerative braking;
- an optimised gearbox.

e-HDi technology has been deployed on several models made by the two brands. The system is available on the Citroën C3, DS3, new C4, C4 Picasso and Grand Picasso, C5, DS4 and DS5. The 508 was the first Peugeot model to inaugurate the micro-hybrid engine, which is also available on 3008. At the end of 2012, all Group petrol and Diesel engines will be offered with a Stop&Start system.

FULL-HYBRID DIESEL

The Diesel hybrid combines an electric engine and a Diesel HDi engine. The batteries are recharged during travel, deceleration and braking. Also called "Full Hybrid", this technology is a response to issues related to CO_2 emissions in Europe but also around the world.

In a market like Europe where diesel vehicles are so prevalent, sales of petrol hybrids remain limited since their fuel and emissions performance are comparable to that of a latest generation diesel engine, but with a significantly higher cost.

Diesel hybrid technology represents a real breakthrough in terms of fuel efficiency and CO_2 emissions in the European market. With the HYbrid4 powertrain, for example, PSA Peugeot Citroën has combined the environmental performance of a diesel IC engine with the advantages of electric propulsion to deliver revolutionary gains in fuel efficiency – of up to 30% compared with a conventional diesel – and carbon emissions of less than 100 g/km. The technology offers the high fuel efficiency of HDi diesels in highway driving and all the benefits of a hybrid electric drivetrain on city and suburban roads.

Moreover, the innovative HYbrid4 architecture delivers an enhanced driver experience. The electric motor's torque, the vehicle's reduced weight and the efficient transmission make for a comfortable, quiet and nimble ride, creating a whole new universe of driving sensations for Group customers.

The technology has been inaugurated on the Peugeot 3008 HYbrid4, the world's first hybrid diesel crossover, but will soon be extended to other models, such as the Peugeot 508 HYbrid4, 508 RXH or Citroën DS5 HYbrid4, which enjoyed great success, with 22,000 vehicles sold in 2012.

With this offer, the Group confirms its position as world leader in diesel hybrids.

THE HYBRID OF TOMORROW

Through a funded research project, the HYDOLE concept (mainly electric hybrid) capitalises on HYbrid4 technology and adds to it a Li-ion battery developed by PSA Peugeot Citroën and a more powerful electric motor.

With an electric autonomy of 60 km, HYDOLE demonstrators can perform most daily trips with zero emissions and no noise. In hybrid mode, they also meet travel needs requiring greater autonomy. HYDOLE combines a small combustion engine with a 50 kW electric engine of and a battery for electric autonomy of 60 km. It first uses electrical energy, without emission, without noise, as long as the battery is not empty. The combustion engine will only start if the power requirements exceed 50 kW. When the battery is empty, the vehicle becomes a classic full hybrid. A "ZEV" button that inhibits the combustion engine is provided. In this case, HYDOLE behaves in every way like a true electric vehicle, including turtle mode when the battery is nearly empty. Unlike an electric car, when the battery is empty, simply deactivate "ZEV" mode to restart classic "full hybrid" mode. It is even possible to keep the power for subsequent use by setting a reserve between 5 and 50 km.

The project, which is funded by the ADEME as part of the research demonstrators fund for low-carbon energy, was completed in late 2012. The lessons learned will inform R&D on rechargeable hybrids to best optimise engine and battery design.

Over the longer term, the Group is exploring possible applications to reduce carbon emissions significantly, such as very affordable hybrid solutions to make low-emission cars available to the great majority of customers.

In 2013, the Group will also begin deploying dedicated Blue HDi technology (SCR, Selective Catalytic Reduction) on all Diesel models, thus further reducing CO_2 emissions and other pollutants, which will also strengthen the Group's leadership in this field.

11.2.3. ELECTRIC VEHICLES

PSA Peugeot Citroën would like everyone to own a clean vehicle

Along with the rechargeable hybrid, the electric car is a major part of the Group's clean car strategy. By 2020, electric vehicles will account for 4 to 5% of the European market, and 10% to 15% including diesel hybrids.

ELECTRIC VEHICLES

For urban and suburban mobility, the Peugeot iOn and Citroën C-Zéro are electric vehicles that are compact, handy and alert. With their Li-ion battery, they have an autonomy of up to 150 km per cycle, which ensures sufficient autonomy in actual use since 90% of automobile trips are less than 60 km long. Their silence and the lack of discharge into the atmosphere make these vehicles especially suited to the city. They are European versions of the i-MiEV, the new-generation electric vehicle developed by Mitsubishi Motors in cooperation with the two automakers. In 2011, the Group delivered nearly 4,000 electric vehicles (the Peugeot iOn and the Citroën C-Zéro, Peugeot Partner Origin and Citroën Berlingo First). 250 Berlingo Firsts built in collaboration with Venturi were delivered in 2011 to the French Post Office as part of a tender offer.

The Group's goal for 2012 was to achieve 25% growth in electric car sales in Europe. With nearly 7,000 iOn and C-Zéro electric passenger vehicles sold at the end of the year, sales rose by 70% compared to 2011.

In 2013, the range will be enriched by two new models of utility vehicles: the Peugeot Partner and Citroën Berlingo, which will be made electric in cooperation with Mitsubishi Motors Corporation and produced at the Vigo plant.

AVENUES TO THE FUTURE

As mentioned earlier, the Group manages over a hundred research projects partly funded by the government. These works allow it to explore new technologies to meet the particular challenges of a new clean mobility.

In September 2011, the ADEME Innovations Forum, an innovative vehicle project to change travel patterns in urban areas, was presented: the light city electric vehicle (VelV).

Originally submitted as part of the demonstrator fund managed by the ADEME (AMI: "Road Vehicles with low Green House Gas (GHG) emissions" published in 2009), the VELV project was finally integrated and supported by the Investments for the Future Programme (see paragraph 11.1.2.). This concept, developed by the Group with a consortium of French companies and a research laboratory, is a safe and efficient electric tricycle for three people, with a power of 20 kW and a mass of 650 kg (100 km range and 110 km/h top speed). Particularly handy with only a 7.20 m turning circle, it offers the opportunity to identify in real time the scope of action based on autonomy and identify charging stations accessible with the energy still available. The purpose of this project is to significantly reduce the amount of embedded energy; it will do so by offering an entertaining and very drivable object thanks to the electric engine and its maximum torque, available immediately with with a very low mass. The very low power consumption of 85 Wh/km limits the environmental footprint to a level equivalent to the movement of a passenger in a train. VéLVotherwise meets the regulatory requirements of private vehicles in passive safety.

During a day of low-carbon vehicle trials organised by ADEME in early March 2012, a second-generation demonstrator incorporating the chassis architecture, with profound changes in the interior and the production materials and processes of the structure, was presented. Thanks to this project, which is not intended to be mass-produced, the Group and its partners have a portfolio of technologies in the field of electric powertrains, of the associated control and supervision software and of structural and body materials.

This concept targets corporate fleets, car rentals (standard or Autolib' type), second car buyers and numerous individual cusomers wishing to improve their mobility in the city.

VéLV responds to new challenges presented by tomorrow's transport by contributing to the development of electric low-weight powertrains, thus supporting the whole French electric car sector with the support of ADEME.

11.2.4. OTHER CARBON EMISSION REDUCTION STRATEGIES

The development and optimisation of powertrains are not the only pathways to improving the environmental performance of vehicles. Vehicle base, improved aerodynamics, reduced rolling resistance, reduced vehicle weight, use of renewable resources and research work are all factors that contribute to lowering the CO_2 emissions of Peugeot and Citroën vehicles.

OPTIMISED MODULAR PLATFORM (EMP2)

The new EMP2 modular platform, which will be deployed in 2013 with the launch of two Peugeot and Citroën models, contributes a high level of added value in terms of CO_2.

Several mechanisms contribute significantly to the over 22% CO_2 reduction:

- a substantially lighter vehicle (by 80 kg);
- redesigned aerodynamics;
- innovative technologies such as STT (Stop&Start), SCR (Selective Catalytic Redution), reduced rolling resistance;

AERODYNAMICS AND ROLLING RESISTANCE

The more aerodynamic the vehicle, the less fuel it uses and therefore the less carbon it emits because less engine power is needed to move it.

To continue to reduce the aerodynamic resistance of its vehicles and limit their CO_2 emissions, PSA Peugeot Citroën has set the following objectives:

- optimise vehicle dimensions;
- improve the aerodynamics of vehicle underbodies;
- integrate aerodynamic solutions such as spoilers and deflectors while developing attractive styles.

Because rolling resistance also comes from tyres, PSA Peugeot Citroën has launched a joint programme with Michelin to optimise the tyres on its vehicles. Very low rolling resistance (VLRR) tyres save 0.2 litre of fuel per 100 kilometres, reducing CO_2 emissions by 5 g. AS of this year, the Group offers ultra low rolling resistance (ULRR) tyres that will further reduce carbon emissions.

VEHICLE MASS

In addition to optimised powertrains and lower rolling resistance, lighter vehicles also reduce the amount of engine power needed to deliver equivalent dynamic performance, providing another opportunity to reduce CO_2 emissions. A 100 kg reduction in vehicle weight, for example, yields a gain of around 10 g/km.

In 2007, PSA Peugeot Citroën launched an ambitious programme to slow the increase in vehicle weights, which rose by an average 20 kg per year between 1990 and 2005. The objective is to introduce vehicles in 2012 that move down in inertia class in relation to the models being replaced, for a gain of around 100 kg, while continuing to meet other project goals. This will be followed by another step down in inertia class by 2015, for a further 100-kg gain. This is the case for the Peugeot 508.

Vehicle weights can be reduced without compromising the customer experience by using high performance materials (high-grade steel, aluminium alloys, composite materials, plastics and natural fibres) and by optimising design thanks to digital simulation.

SUSTAINABLE RESOURCE USE: GREEN MATERIALS AND BIOFUELS

As a responsible automobile manufacturer, PSA Peugeot Citroën takes into account the gradual depletion of fossil fuels and the environmental impacts of its vehicles throughout their life cycle. This is why green materials (i.e. recycled or made from natural, renewable materials) are used whenever possible to build Peugeot and Citroën vehicles, which are all capable of running on alternative fuels.

For more than 15 years, the Group's diesel engines have been able to run on a 30% biodiesel blend (made from plant oils or animal fat), while all its petrol engines can handle blends containing up to 10% ethanol (made mainly from sugar beets, sugar cane or cereals). Flex-fuel models, developed in Brazil in particular, can run on either conventional petrol or alcohol fuel without any action required by drivers.

On the occasion of the Rio+20 World Conference on sustainable development, PSA Peugeot Citroën unveiled to the media a 3008 HYbrid4 and a DS5 HYbrid4 that run on 100% Brazilian B30 biodiesel fuel and have an emission level of 75 g CO_2/km. The B30 blend is composed of 30% biodiesel and 70% regular diesel. The very low fuel consumption (3.8 L/100 km) for both vehicles introduced means a gain of over 30% in terms of emissions per vehicle compared to Brazil's most efficient vehicle in this regard (about 115 g of CO_2/km) despite a weight of 1,660 kg. The development of this unusual Hybrid and Biodiesel cocktail is the result of a partnership with the Ladetel, the clean technologies development laboratory at the University of São Paulo.

These research programmes and technological advances will enable PSA Peugeot Citroën to deploy a low-carbon vehicle strategy and promote sustainable mobility by offering "a clean car for everyone".

11.3. OFFERING A SAFE DRIVING EXPERIENCE SUITED TO NEW VEHICLE USES

The Group has been a pioneer in the field of connectivity for ten years now, and it is the first in Europe to deploy connected services such as emergency assistance and localised calls. The car calls emergency services itself when the driver has a problem. Very quickly thereafter, it developed systems for a simple way to hook up a mobile phone or MP3 player, to ring someone or listen to music.

Today, the Group offers a car that talks on the Internet by itself through the "Peugeot Connect Apps". This is truly revolutionary, and it is now a reality at an affordable price. These systems are designed to be used in the car in complete safety.

11.3.1. IMPROVING SAFETY IN ALL ITS FORMS

Protecting the occupants of a vehicle, as well as some road users in their immediate environment, has long been a priority for the Group, which looks at road safety from three angles in order to offer passengers maximum safety in all circumstances:

- primary security – for prevention of accidents – is undergoing new developments due to the increasing connectivity of vehicles. As a result, the vehicle is able to detect aspects of its environment to alert the driver or help avoid an accident. A new generation of voice control technology is also being developed to minimise driver distraction. In terms of primary safety, these new features take their place alongside driving excellence fundamentals (handling, braking, etc.) and development of driving assistance systems (such as grip control, adaptive lighting, line-crossing assistance, voluntary speed limiters, blind spot monitoring, emergency brake assist and measurement of distance between vehicles);
- secondary safety – to protect occupants and pedestrians in the event of impact – by always making progress in vehicle structures and restraint systems in the passenger compartment (airbags, seat belts, seats, etc.);
- tertiary safety – to facilitate the rescue when an accident could not be avoided: the connected and geo-located vehicle may, when a collision is detected, or after a manual trigger, automatically contact emergency or support services to contribute to the rapid response. The Premium emergency call service, which is free and never expires, now covers 13 European countries. More than 1.2 million Group cars are already equipped with the emergency call service. PSA Peugeot Citroën, as a pioneer in this new field of safety, is the European leader.

The expertise of PSA Peugeot Citroën is recognised in terms of road behaviour, which is the basis of the "forgiving car".

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

As of end-2008, a total of 13 Group vehicles had obtained the maximum 5-star rating for adult protection under the former Euro-NCAP system.

Under the new Euro-NCAP protocol introduced in 2009, vehicles tested receive an overall rating based on the protection offered to adult and child occupants, as well as pedestrians, and also considers the safety potential of advanced driver assistance technologies.

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

In 2012, Peugeot 208 was the first vehicle in the Group's B segment tested in the new tougher Euro NCAP protocol in 2012. It got five stars with a score at the highest level. Compared to previous years, the ratings criteria were reviewed and to get the maximum score, one needed to have a percentage of at least 80% for adult protection, 75% for children, 60% for pedestrians and 60% for security safeguards. The 208 met all these criteria, and it ranks among the best in its segment.

These unique performances attest to the efforts made by PSA Peugeot Citroën teams to promote responsible mobility, which is both cleaner and safer.

Beyond technological advances, PSA Peugeot Citroën teams are involved in many cooperative programmes in safety research, both French and Europeans, under the seventh FPRD (Framework Programme for Research and Development, the main Community instrument funding research and innovation in Europe for the period 2007-2013.) for the continued advancement of scientific knowledge in the field.

The Group's commitment to VeDeCoM (Low-Carbon Communicating Vehicles and their Mobility.) in 2012, which reflects the Group's desire to get involved in long-term mobility and safety issues, should also be noted.

11.3.2. FROM CONNECTED CARS TO COMMUNICATING CARS

The considerable development of communications in recent years is reflected in everyday life by the widespread use of the Internet, the boom in mobile phones and smartphones, and the use of multimedia and video games. There is market demand to use these devices (cell phones, iPods) in the car and broaden their use for specific needs (navigation, remote troubleshooting). The automotive industry is now including these new technologies in cars through vehicle components and by giving customers a place to connect their electronic devices.

ERGONOMICS AND THE HUMAN-MACHINE INTERFACE

Human Machine Interfaces (HMIs) provide the driver with comfort and driving safety. Customer expectations are changing, and they want access to their digital environment on the screen of their vehicle in complete safely.

In 2012, PSA Peugeot Citroën meets these needs by equipping most of the cars in the Peugeot 208 range with a new touchscreen multimedia system and a heads-up console.

The Group developed the first multimedia touchscreen, which incorporates extensive connectivity (all USB and Bluetooth versions) and, since 2012, access to mobility portals and services such as "Peugeot Connect Apps". HMI, which became a major issue, is characterised by its rich style that, thanks to its harmonious Agora styling, brings a modern and ergonomic look to the product via coverflow animation.

CONNECTIVITY & INFOTAINMENT

The Group is striving to integrate the new ways its customers use their cars into vehicles that are tuned in to their environment.

Customers can connect from their car to web applications, and the vehicles themselves are communicating objects or "intelligent objects" that provide traffic info, maintenance and diagnostics, and car-to-car communication.

Peugeot Connect offers a range of innovative services that connect the vehicle to its environment:

- the *Peugeot Connect SOS*, which is now available in 13 countries in Europe in the customer's language and more than 720,000 Peugeot vehicles, locates the vehicle and dispatches the necessary emergency help in the event of an accident. It is triggered manually via the SOS button (if the driver sees an accident, for example) or automatically (if the safety features – airbags, seatbelt pretensioners – are triggered). Peugeot Connect SOS is available around the clock seven days a week at no cost or commitment if Peugeot Connect equipment is installed on the vehicle;
- with *Peugeot Connect Assistance* (the Lion button in the vehicle), driver can contact Peugeot Assistance in their language around the clock seven days a week and they will be identified and located immediately. All information (serial number, mileage, mechanical alerts) is transmitted to Peugeot Assistance for a preliminary remote technical review, which saves valuable time;
- with the *Peugeot Connect Fleet* service, for a subscription fee, business customers can automatically review information related to vehicle maintenance, such as mileage, fuel consumption and CO_2 emissions;
- with the "Peugeot Connect Apps" system, customers finally have Peugeot-approved applications that allow them to take full advantage of the Internet. *Peugeot Connect Apps* offers applications specifically designed for automotive use that enable the driver to obtain essential information in real time. These applications give drivers access to Michelin traffic information, nearby available parking, stations with the cheapest petrol, the weather, Michelin guides (red and green), Yellow Pages, Tellmewhere, ViaMichelin travel information and MyPeugeot. Because it is a Peugeot, customers who subscribe in France will not pay extra if they use their car anywhere in Europe and they will always have access to internet services. This application was previewed in the new 208 in September 2012.

Through "eTouch", Citroën expands the driving experience to the internet. It offers four services:

- Two in-vehicle services: *Citroën Emergency Call and Citroën Local Assistance*. Using a module and an embedded SIM card, in case of an emergency or accident, customers receive support from an operator who identifies and locates them and sends them technical assistance or help if they need it. Both services are free, require no subscription, never expire and are available 24/7, even abroad;
- Two services are available online (through a personal MyCITROËN space) and smartphones: *Citroën Virtual Maintenance Manual and Citroën EcoDriving*. These services allow motorists to track their fuel consumption and CO_2 emissions, as well as receive maintenance reminders and real-time vehicle alerts.

Finally with "eTouch", Citroën closes the loop by helping motorists to find their car with a smart phone when they are not in it.

The connected car completely changes the way people drive.

The range of services is now a major challenge. It must provide customers a sense of continuity with how they already "consume" connected services outside their cars but also fit into the constraints of the automobile and develop a value offer specific to the car, with such services as e-calling and remote diagnostics.

The connected car is also a technological breakthrough that offers new opportunities for in-vehicle services like intelligent speed limits and natural language voice command.

Our R&D teams are working every to make sure that the car of tomorrow will be environmentally friendly, comfortable, connected and secure.

12

TREND INFORMATION

In a challenging European environment, the Group implemented a 2012 cash management plan whose objectives were met or exceeded. To deal with the continued degradation of European markets, the Group has decided to put in place a "Rebound 2015" Plan for the years 2012-2015.

2012 CASH MANAGEMENT PLAN

Faced with the downturn in the European market, in early 2012 the Group announced a cash management plan for €1 billion and proposed asset disposals totalling €1.5 billion.

- The objective of €1 billion in cost savings on purchases and fixed costs was exceeded, with €1,181 million in cost savings realised in 2012, despite a declining European market and the pressures it put on volumes and prices.
- Asset disposals amounted to €2 billion in 2012, in excess of the €1.5 billion target, and included:
  - the disposal of car rental firm Citer SA and its Spanish subsidiary Atesa to Enterprise Holdings brought €448 million in cash, as part of PSA Peugeot Citroën's strategy to optimise its portfolio and allocate resources to developing its core business;
  - exceptional divestment of real estate assets brought in €634 million and included the sale of the Group's head office building to a subsidiary of Ivanhoe Cambridge, the real estate arm of Caisse de depot et placement du Quebec, for €242.2 million; the sale of the Citroën showroom on the Champs-Élysées in Paris and of property in our own network in France and Great Britain;
  - a 75% capital interest in GEFCO was sold to JSC Russian Railways (RZD) for €797 million, following GEFCO's payment of an exceptional €100 million dividend to PSA Peugeot Citroën.
- Stocks were reduced to levels below those of December 2010, in line with planned objective, with 416,000 vehicles at end December 2012 as against 445,000 at 31 December 2010.
- The Group postponed a number of projects as a result of its decision to reduce R&D investments and developments and gave priority to certain other investments in a difficult environment. Capital expenditure and capitalised R&D came to €3,814 million in 2012, before exceptional items. This high level corresponded to a peak in capital expenditure, primarily reflecting capacity extension at Kaluga in Russia, Porto Real in Brazil and in China, the development of three-cylinder petrol engines and product development. The reduction in Automotive Division capital expenditure will be significant in 2013.
- The merger of the two brands' back office operations in Europe over 10 months has generated the initial synergy expected from the new organisation of sales and marketing and brand operations.

REBOUND 2015 PLAN

In response to the lengthy fall off of demand in Europe, an additional plan for €1.5 billion in 2015 was deemed necessary. This plan is over and above the cash management measures implemented at the beginning of 2012. The Rebound 2015 plan is expected to lead to breakeven [(1)] in operational free cash flow by end 2014. This plan includes:

- €600 million from reorganizing the French production base and dimensioning the structural costs of the Group, as announced on 12 July. This project is based on ceasing production at the Aulnay plant, adjusting production facilities in Rennes, revitalising the Aulnay and Rennes sites, and redeploying corporate overheads;
- €550 million reduction in capital expenditure, notably following the ramp-up of capacities in Russia, Latin America and China. This reduction will already be significant in 2013;
- optimising production costs, primarily as a result of the alliance with General Motors, for €350 million. These gains will come from Alliance initial Purchasing synergies and from action plans to reduce design and production unit costs.

These measures will help to restore the Automotive Division's performance, by increasing capacity utilisation in Europe and reducing the cost base in Europe, ahead of the full effects of the Alliance with General Motors. They will be supported by the continuing upscaling of the brands and by the drive towards increased globalization, with newly installed production capacities.

(1) In current market conditions, e.g. European market and pricing environment stabilised at 2012 level, a 13% market share in Europe, and the assumption that the increase of input costs would equal the impact of production and procurement.

PROJECT TO REORGANISE THE GROUP'S FRENCH PRODUCTION BASE AND REDEPLOY THE WORKFORCE

To deal with the extended volume decline in Europe, a project to reorganise manufacturing operations and the redeployment of the workforce was on presented on 12 July 2012, in order to restore the Group's competitiveness and ensure its future. The following measures are planned:

- in 2014, cessation of operations at Aulnay, which employs 3,000 workers, refocusing production in the Paris region in or near Poissy and revitalising Aulnay;
- adjusting the production facilities in Rennes, redeploying 1,400 workers there out of a total of 5,600;
- redeploying Group overhead staff, which should result in a reduction of 3,600 positions across all sites in France;
- employer-employee consultation and dialog.

The Aulnay and Rennes projects will, in keeping with our commitment to employee dialog, include measures intended to assist all employees concerned and to foster their reassignment, especially within the Group. The redeployment of overhead staff will be implemented through voluntary retirements and departures from the Company.

As part of the Aulnay revitalisation plan implemented by PSA Peugeot Citroën, ID Logistics announced on 25 October 2012 its intention to relocate to one portion of the space currently available. This relocation will therefore entail the creation of nearly 600 jobs. These jobs may be offered to interested workers at the Aulnay site as part of the revitalisation process that will be undertaken in collaboration with the labour unions.

On 12 December 2012 the Group announced the end of the consultation period with unions concerning economics and the continuation of negotiations concerning assistance.

BUSINESS TRENDS

In Europe, the automotive market is likely to experience a further dip of between 3 to 5% in 2013. Against this backdrop, the Peugeot and Citroën brands will step up their sales offensive with 17 launches worldwide, nine of which will be in Europe.

The Group will continue its upscaling strategy with numerous launches in 2013 such as the Citroën DS3 Cabrio, the Peugeot 208 GTI, 208 XY and 2008.

In China, with four launches for DPCA and the first locally produced vehicles from the Group's joint venture, Changan PSA Automobile (CAPSA), in the second half, the Group is in a strong position to continue its growth in a market which will remain steady in 2013.

In Latin America, after a year of transition and transformation, the production launch under way at the Porto Real plant for the Peugeot 208 and its subsequent sales launch in spring 2013, followed by other launches later in the year, will be sound assets which will enable the Group to boost its growth.

In Russia, in a market which is growing at a rate of around 2%, the Group will continue its growth strategy. This will be based on a young range, capitalising on the six models launched in 2012 and continuing this strategy in 2013 with the launch of the Peugeot 208 and 301 as well as that of the Citroën C-Élysée and C4 L.

In these developing areas, market growth, added to gains in market share, will enable PSA Peugeot Citroën to hit its target of making 50% of its sales outside Europe by 2015.

GROUP OUTLOOK

The 2013 European automotive market is expected to contract by around -3 to -5% in this context, while the other key markets are expected to grow by around 8% in China, 2% in Latin America and 2% in Russia.

Free cash flow in 2012 was -€1,387 million. Operational free cash flow (excluding exceptional items and restructuring) amounted to -€3 billion, including -€2.5 billion in respect of the Automotive Division and -€0.5 billion for Faurecia.

In 2013 the Group is aiming to halve the rate of consumption of this operational free cash flow and confirms its objective of a return to breakeven in Group operational free cash flow by end 2014.

13

PROFIT FORECASTS OR ESTIMATES

The Group has not made any profit forecasts or estimates. Group outlook for 2013 is presented in Chapter 12.

14

MANAGEMENT AND SUPERVISORY BODIES

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.

14.1. INFORMATION ABOUT THE MANAGEMENT AND SUPERVISORY BODIES

14.1.1. THE SUPERVISORY BOARD

MEMBERS OF THE SUPERVISORY BOARD

At 31 December 2012, the Supervisory Board had 14 members, nine of whom are independent (i.e. 64%), as well as two non-voting advisors (*censeurs*). The members of the Board are elected by the Annual Shareholders Meeting for four-year terms since the Annual Shareholders Meeting of 25 April 2012 (six years for terms that preceded said Meeting).

The other functions exercised by Supervisory Board members and advisors are listed below, along with the dates when they were elected to the Supervisory Board and when their terms expire.

Each member of the Supervisory Board must own at least 25 shares of Peugeot S.A. stock, pursuant to Article 10 of the Company's bylaws.

First name	Last name	Title	Independent
Thierry	Peugeot	Chairman	
Jean-Philippe	Peugeot	Vice-Chairman	
Jean-Louis	Silvant	Vice-Chairman	√
Marc	Friedel	Member	
Pamela	Knapp	Member	√
Jean-Paul	Parayre	Member	√
Robert	Peugeot	Member	
Thierry	Pilenko	Member	√
Henri Philippe	Reichstul	Member	√
Dominique	Reiniche	Member	√
Marie-Hélène	Roncoroni	Member	
Geoffroy	Roux de Bézieux	Member	√
Ernest-Antoine	Seillière	Member	√
Joseph F.	Toot Jr	Member	√
François	Michelin	Advisor to the Supervisory Board	√
Roland	Peugeot	Advisor to the Supervisory Board	

Louis Gallois was co-opted by the Supervisory Board on 12 February 2013 to replace Marc Friedel, who was appointed a non-voting advisor (censeur) on that same date. Louis Gallois has been appointed as Senior Independent member.

At Supervisory Board meeting dated 12 March 2013, Ernest-Antoine Seillière and Joseph F. Toot Jr. accepted to stand down from the Supervisory Board before the end of their terms of office, effective on 23 April 2013.

INFORMATION ABOUT THE SUPERVISORY BOARD MEMBERS

FUNCTIONS EXERCISED AS OF 31 DECEMBER 2012

Thierry Peugeot

First elected to the Supervisory Board on 19 December 2002

Current term expires 2016

French

Born on 19 August 1957

Business address:
PSA Peugeot Citroën
75 avenue de la Grande Armée
75016 Paris
France

Chairman of the Supervisory Board of PEUGEOT S.A.
Chairman of the Compensation Committee
Member of the Appointments and Governance Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Vice-Chairman and Chief Operating Officer of EABLISSEMENTS PEUGEOT FRERES		
Director and member of the Equity Holdings Committee of FFP	√	
Director of SOCIETE ANONYME DE PARTICIPATIONS – SAPAR		
Director of FAURECIA	√	√
Director of COMPAGNIE INDUSTRIELLE DE DELLE – CID		
Director of AIR LIQUIDE	√	
Member of the Supervisory Board of GEFCO SA		
Permanent representative of CID on the Board of Directors and member of the Compensation Committee of LISI.	√	
Manager of SCI du Doubs		

Former functions and Directorships in the past five years:
- Director of La Française de Participations Financières – LFPF.

Relevant expertise and professional experience:
A graduate of ESSEC Business School, Thierry Peugeot began his career at Groupe Marrel as Export Manager for the Middle East and English-speaking Africa, then as Director of Air Marrel America. In 1988, he joined PSA Peugeot Citroën as head of the Southeast Asia region for Automobiles Peugeot. Subsequently, he served as Chief Executive Officer of Peugeot do Brasil and then of SLICA in Lyon. In 2000, he was appointed to head Key International Accounts for Automobiles Citroën, after which he was named Vice President of the Replacement Parts unit for the Citroën brand and a member of the Group's Vice-Presidents Committee. He was appointed Chairman of the Supervisory Board of PEUGEOT S.A. in December 2002.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 1,450 shares.

Jean-Philippe Peugeot

First elected to the Supervisory Board on 16 May 2001

Current term expires 2013

French

Born on 7 May 1953

Business address:
Établissements Peugeot Frères:
75, avenue de la Grande-Armée
75016 Paris
France

Vice-Chairman of the Supervisory Board of PEUGEOT S.A.
Chairman of the Appointments and Governance Committee, Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer, Member of the Ethics, Governance and Appointments Committee and Member of the Equity and Property Holdings Committee of ETABLISSEMENTS PEUGEOT FRERES		
Vice-Chairman, Chairman of the Appointments and Compensation Committee, Member of the Investments Committee, Member of the Finance and Audit Committee and Member of the Equity Holdings Committee of FFP	√	
Member of the Supervisory Board and Strategy Committee of IMMOBILIERE DASSAULT	√	
Manager of MAILLOT I		
Chairman of OLDSCOOL		

Former functions and Directorships in the past five years:
- Member of the Supervisory Board and Compensation Committee of Linedata Services
- Director of LA FRANÇAISE DE PARTICIPATIONS FINANCIERES – LFPF,
- Director of IMMEUBLES ET PARTICIPATIONS DE L'EST,
- Director of SIMANTE SL.

Relevant expertise and professional experience:
Mr Jean-Philippe Peugeot, a graduate of ISG Business School, has spent his entire career with Automobiles Peugeot. In particular, he managed an AUTOMOBILES PEUGEOT subsidiary for eight years and Peugeot Parc Alliance for four years.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 232 shares.

Jean-Louis Silvant

First elected to the Supervisory Board on 24 May 2006

Current term expires 2016

French

Born on 7 February 1938

Business address:
La Martinerie
35, rue de la Fontaine
37370 Neuvy-le-Roi
France

Vice-Chairman of the Supervisory Board of PEUGEOT S.A.
Member of the Appointments and Governance Committee
Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Manager of SILVANT-INVEST		
Director of PEUGEOT SUISSE		√

Former functions and Directorships in the past five years:
- Chairman of CLOSERIE DES TILLEULS
- Director of RESIDEAL SANTE

Relevant expertise and professional experience:
A graduate of the École Nationale Supérieure des Arts et Métiers, Jean-Louis Silvant joined PSA Peugeot Citroën Group in 1961. He held a large number of executive positions, particularly in production, human resources and research and development, before serving as senior executive Vice-President of PEUGEOT S.A. from 1992 to 1998. He was a member of the PSA Peugeot Citroën Executive Committee from 1998 to 2002.
Number of PEUGEOT S.A. shares owned as of 31 December 2012: 1,742 shares.

Louis Gallois

First appointed to the Supervisory Board on 12 February 2013

Current term expires 2014

French

Born on 26 January 1944

Business address:
Commissaire Général
à l'Investissement
32 rue de Babylone
75007 Paris
France

Member of the Supervisory Board of PEUGEOT S.A. (co-opted on 12 February 2013)
Lead member of the Strategy Committee
Senior Independent Supervisory Board Member

Other Functions exercised as of 28 March 2013:	Listed company	Group company
Membre du Conseil de Surveillance de MICHELIN	√	

Functions exercised as of 28 March 2013:
General Commissioner for Investment (Commissaire Général à l'Investissement)
Member of the Board of Directors, Ecole Centrale de Paris
President, Fédération Nationale des Associations d'Accueil et de Rénovation Sociale

Former functions and Directorships in the past five years:
Chief Executive Officer, EADS
President, Fondation de la Cité des Sciences et des Technologies (Villette Entreprises)

Relevant expertise and professional experience:
A graduate of the Ecole des Hautes Etudes Commerciales and the Ecole Nationale d'Administration, Louis Gallois began his career in the French Government in the Treasury Department and then became chief of staff for Jean-Pierre Chevènement at the Ministry of Research and Technology. After that, he was Director General of Industry at the Ministry of Industry and policy officer at the Ministry of the Economy, Finance and Privatisation before ultimately serving on Mr Chevènement's staff at the Ministry of Defence. After that, he was Chairman and Chief Executive Officer of SNECMA and later held the same offices at AEROSPATIALE. After his term as President of the SNCF from 1996 to 2006, he was one of the co-Chief Executive Officers of the EADS Group. He then became Chief Executive Officer of AIRBUS before serving as Chief Executive Officer of EADS until June 2012. He has been co-opted subject to the ratification of the General Meeting of PEUGEOT SA shareholders on 24 April 2013.

Number of Peugeot S.A. shares owned as of 28 March 2013: 100 shares.

Pamela Knapp

First elected to the Supervisory Board on 31 May 2011

Current term expires 2017

German

Born on 8 March 1958

Business address:
GfK SE
Nordwestring 101
90419 Nuremberg
Germany

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Member of the Management Board of GFK SE	√	
Director of Monier HOLDINGS S.C.A.		

Former functions and Directorships in the past five years: None

Relevant expertise and professional experience:
Pamela Knapp is a graduate of Harvard Business School's Advanced Management Programme and holds a Masters in Economics from the University of Berlin. She began her career at Deutsche Bank AG, then worked as an M&A consultant before taking on various management roles at Siemens AG, including Chief Financial Officer of the Power Transmission & Distribution division from 2004 to 2009. Since 2009, she has been Chief Financial Officer, responsible for Finances, Financial Controlling and Accounting, Personnel and Administration at GfK SE.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 1,000 shares.

Jean-Paul Parayre

First elected to the Supervisory Board on 11 December 1984

Current term expires 2017

French

Born on 5 July 1937

Business address:
203 avenue de Molière
1050 Brussels
Belgium

Member of the Supervisory Board of PEUGEOT S.A.
Chairman of the Finance and Audit Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman of the Supervisory Board of VALLOUREC	√	
Director of BOLLORE	√	
Director of SOCIETE FINANCIERE DU PLANIER		
Manager of B STENA INTERNATIONAL SARL		
Chairman of the Supervisory Board of STENA MARITIME		

Former functions and Directorships in the past five years:
- Director of STENA INTERNATIONAL B.V.
- Director of SNEF

Relevant expertise and professional experience:
Jean-Paul Parayre, a graduate of École Polytechnique with an engineering degree from Ponts et Chaussées, was successively Technical Advisor to Jacques Chirac during the latter's service as Undersecretary for Social Affairs and to François-Xavier Ortoli, former Minister of the Economy and Finance and Minister of Industrial and Scientific Development. He then held executive positions in a number of manufacturing and service companies, including Chairman of the Managing Board of PSA Peugeot Citroën (1977-1984), Chief Executive Officer and later Chairman of Dumez (1984-1990), Vice-Chairman and Chief Executive Officer of Lyonnaise des Eaux Dumez (1990-1992), Vice-Chairman and Chief Executive Officer of Bolloré Group (1994-1999) and Chairman and Chief Executive Officer of Saga (1996-1999). He has been Chairman of the Supervisory Board of Vallourec since 2000.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 126,228 shares.

Robert Peugeot

First elected to the Supervisory Board on 6 February 2007

Current term expires 2013

French

Born on 25 April 1950

Business address:
FFP
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Supervisory Board of PEUGEOT S.A.
Chairman of the Strategy Committee
Member of the Appointments and Governance Committee
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer of FFP	√	
Member of the Supervisory Board of HERMES INTERNATIONAL	√	
Member of the Supervisory Board of IDI EMERGING MARKETS S.A.		
Permanent representative of FFP on the Supervisory Board of ZODIAC AEROSPACE	√	
Director of SOFINA	√	
Director of IMERYS	√	
Director of ETABLISSEMENTS PEUGEOT FRERES		
Director of HOLDING REINIER S.A.		
Director of SANEF		
Director of FAURECIA	√	√
Director of DKSH AG	√	
Manager of Sarl CHP GESTION		
Manager of SCI RODOM		
Permanent representative of FFP, Chairman of FFP INVEST		
Permanent representative of FFP INVEST, Chairman of FINANCIERE GUIRAUD SAS		

Former functions and Directorships in the past five years:
- Chairman and Chief Executive Officer of SIMANTE, SL
- Director of LA FRANÇAISE DE PARTICIPATIONS FINANCIERES – LFPF
- Director of IMMEUBLES ET PARTICIPATIONS DE L'EST
- Director of ALPINE HOLDING
- Director of WRG – WASTE RECYCLING GROUP LIMITED
- Director of B-1998 SL
- Director of FCC CONSTRUCCION S.A.

Relevant expertise and professional experience:
After graduating from Ecole Centrale de Paris and INSEAD, Robert Peugeot held various executive positions within the PSA Peugeot Citroën Group. From 1998 to 2007, he was a member of the Group's Executive Committee and Vice President, Innovation and Quality. He has been a member of the Supervisory Board of PEUGEOT S.A. since February 2007, serving on the Finance Committee, the Appointments and Governance Committee and the Strategy Committee, which he has chaired since December 2009.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 150 shares.

Thierry Pilenko

First elected to the Supervisory Board on 25 April 2012

Current term expires 2016

French

Born on 17 July 1957

Business address:
Technip SA
89 av. de la Grande Armée
75116 Paris
France

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman and Chief Executive Officer of TECHNIP	√	
Director of HERCULES OFFSHORE	√	

Former functions and Directorships in the past five years:
- Director of CGG VERITAS

Relevant expertise and professional experience:
A graduate of the Institut Français du Pétrole and the Ecole Nationale Supérieure de Géologie de Nancy, Thierry Pilenko spent 20 years of his career at Schlumberger Group, where he was appointed Chief Executive Officer of Schlumberger Sema in 2001. He was then Chairman and Chief Executive Officer of Veritas DGC Group. He is currently Chairman and Chief Executive Officer of Technip Group.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 2,000 shares.

Henri Philippe Reichstul

First elected to the Supervisory Board on 23 May 2007

Current term expires 2013

French

Born on 12 April 1949

Business address:
Rua dos Pinheiros, 870
20° Andar – cjs. 201 –
CEP 05422-001 São Paolo
SP Brazil

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Director of GAFISA		
Director of SEMCO PARTNERS		
Director of FOSTER WHEELER	√	
Director and member of the “Comision Delegada” of REPSOL YPF S.A.	√	

Former functions and Directorships in the past five years:
- Chairman and Chief Executive Officer of BRENCO.
- Director of ASHMORE ENERGY INTERNATIONAL

Relevant expertise and professional experience:
After earning an economics degree from the University of São Paulo and doing post-graduate work at Oxford University, Henri Philippe Reichstul began his career as a university professor of economics. He then went on to hold various civil servant positions in Brazil, before serving as Chairman and Director of a variety of companies, including Petrobras, of which he was Chairman from 1999-2001.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 25 shares.

Dominique Reiniche

First elected to the Supervisory Board on 25 April 2012

Current term expires 2016

French

Born on 13 July 1955

Business address:
Coca-Cola Europe
27 rue Camille Desmoulins
92130 Issy-les-Moulineaux
France

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman Europe, The COCA-COLA COMPANY		
Director of AXA	√	

Former functions and Directorships in the past five years:
- Chairman of COCA-COLA ENTREPRISES
- Member of the Supervisory Board of AXA
- Member of the ING Direct Consultative Committee France

Relevant expertise and professional experience:
A graduate of the École supérieure des sciences économiques et commerciales (ESSEC), Dominique Reiniche began her career at Procter & Gamble France and was then appointed as Director of Marketing and Strategy at Kraft Jacobs Suchard France before gong to work at Coca-Cola Enterprise France in 1994. After holding several managerial positions at Coca-Cola Enterprise France, since 2005 she has been the European Chairman of The Coca-Cola Company. She is also Vice President of the Union of European Beverages Associations and ECR Europe and a Member of the Executive Committee and the Board of the Confederation of the Food and Drink Industries of the EU.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 100 shares.

Marie-Hélène Roncoroni

First elected to the Supervisory Board on 2 June 1999

Current term expires 2017

French

Born on 17 November 1960

Business address:
FFP
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Finance and Audit Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Vice-Chairman of FFP	√	
Director of SOCIETE ANONYME DE PARTICIPATIONS – SAPAR		
Director of ETABLISSEMENTS PEUGEOT FRERES		
Director of ASSURANCES MUTUELLES DE FRANCE		
Permanent representative of SOCIETE ANONYME DE PARTICIPATIONS – SAPAR on the Board of Directors of SOCIETE DES IMMEUBLES DE FRANCHE-COMTE		
Chairman of the Equity Holdings Committee, Member of the Investments Committee and Member of the Appointments and Compensation Committee of FFP	√	
Member of the Supervisory Board of ONET SA		

Former functions and Directorships in the past five years:
- Director of IMMEUBLES ET PARTICIPATIONS DE L'EST
- Director of SIMANTE SL
- Permanent representative of Immeubles de FRANCHE-COMTE ON THE BOARD OF DIRECTORS of SA COMTOISE DE PARTICIPATION
- Director of LA FRANÇAISE DE PARTICIPATIONS FINANCIERES – LFPF
- Permanent representative of SOCIETE ASSURANCES MUTUELLES DE FRANCE on the Board of Directors of AZUR – GMF MUTUELLES D'ASSURANCES ASSOCIÉES (expired in 2012)

Relevant expertise and professional experience:
Marie-Hélène Roncoroni, a graduate of Institut d'Etudes Politiques de Paris, began her career in an international audit firm before holding positions in the finance and Industrial and Human Relations departments within the Group.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 230 shares.

Geoffroy Roux de Bézieux

First elected to the Supervisory Board on 23 May 2007

Current term expires 2013

French

Born on 31 May 1962

Business address:
Omea Telecom
12, rue Belgrand
92300 Levallois
France

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Appointments and Governance Committee
Member of the Compensation Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman of OMEA TELECOM (VIRGIN MOBILE)		
Director of PARROT S.A.	√	

Former functions and Directorships in the past five years:
- Vice-Chairman of the Supervisory Board of SELOGER.COM,
- Director of IMS – INTERNATIONAL METAL SERVICE.

Relevant expertise and professional experience:
Geoffroy Roux de Bézieux graduated from the ESSEC Business School and held various positions at L'Oréal from 1986 to 1996. He was the founding Chairman of the Phone House, France's leading independent mobile phone retailer. He later sold the company to the Carphone Warehouse, which appointed him as Managing Director Europe (2000-2006) and then Chief Operating Officer (2003-2006). Since 2006 he has been the Founder-Chairman of OmeA Telecom (Virgin Mobile).

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 1,000 shares.

Ernest-Antoine Seillière

First elected to the Supervisory Board on 22 June 1994

Current term expires 2016

French

Born on 20 December 1937

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Appointments and Governance Committee,
Member of the Compensation Committee
Member of the Strategy Committee

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman of the Supervisory Board of WENDEL	√	
Member of the Supervisory Board of HERMES INTERNATIONAL S.A.	√	
Director of BUREAU VERITAS	√	
Director of WENDEL-PARTICIPATIONS		

Former functions and Directorships in the past five years:
- Director of SOFISAMC (Switzerland)
- Director of WENDEL-PARTICIPATIONS
- Chairman and Chief Executive Officer of SOCIETE LORRAINE DE PARTICIPATIONS SIDERURGIQUES – SLPS
- Chairman of the Supervisory Board of ORANJE – NASSAU GROEP B.V.
- Member of the Supervisory Board of BUREAU VERITAS
- Member of the Supervisory Board of EDITIS HOLDING
- Member of the Supervisory Board of GRAS-SAVOYE
- Director of LEGRAND

Relevant expertise and professional experience:
Ernest-Antoine Seillière is a graduate of Institut d'Études Politiques in Paris and École Nationale d'Administration with research experience from Harvard's Center for International Affairs and a French law degree. A former Foreign Affairs Advisor and Technical Advisor to several French Ministers, he joined Wendel in 1976, serving notably as Chief Executive Officer and Director (1978-1987), Chairman and Chief Executive Officer of CGIP (1987-2002), and Executive Vice President and Chairman of Marine-Wendel (1992-2002). Following the merger of the two companies, he became Chairman and Chief Executive Office of Wendel Investissement, and then Chairman of the Supervisory Board in 2005. Chairman of MEDEF from 1997 to 2005, he was then Chairman of Businessgroup from 2005 to 2009.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 600 shares.

Joseph F. Toot Jr.

First elected to the Supervisory Board on 24 May 2000

Current term expires 2016

American

Born on 13 June 1935

Business address:
2826 Coventry LN.N.W
Canton, Ohio 44708
USA

Member of the Supervisory Board of PEUGEOT S.A.
Member of the Compensation Committee

Former functions and Directorships in the past five years:
- Director of ROCKWELL AUTOMATION, INC.
- Director of ROCKWELL COLLINS
- Director of the TIMKEN COMPANY

Relevant expertise and professional experience:
Joseph F. Toot Jr holds a Bachelor of Arts degree from Princeton University and an MBA from Harvard Business School. He has served as Chief Executive Officer and President of the Timken Company, Director of Rockwell Automation Inc., Independent Director of Timken Company and Director of Rockwell Collins.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 150 shares.

Marc Friedel

First elected to the Supervisory Board on 26 June 1996

Current term expires 2017

French

Born on 21 July 1948

Business address:
266, rue Marcadet
75018 Paris
France

Advisor to the Supervisory Board
Until 12 February 2013, he was a member of the Supervisory Board of PEUGEOT S.A. and a member of the Finance and Audit Committee

Former functions and Directorships in the past five years:
- Member of the Supervisory Board of the PRESSES UNIVERSITAIRES DE FRANCE
- Representative of SOFINACTION on the Board of Directors of SNVB

Relevant expertise and professional experience:
Marc Friedel, a graduate of Ecole Normale Supérieure and Institut d'Etudes Politiques in Paris, spent most of his career at Berger-Levrault, a NYSE Euronext Paris-listed company where he was Chairman from 1989 to 1999.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 230 shares.

Roland Peugeot

First elected as advisor to the Supervisory Board on 16 May 2001

Current term expires 2013

French

Born on 20 March 1926

Business address:
Établissements Peugeot Frères
75, avenue de la Grande-Armée
75016 Paris
France

Advisor to the Supervisory Board

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Honorary Chairman of ETABLISSEMENTS PEUGEOT FRERES		
Honorary Chairman of FOOTBALL CLUB SOCHAUX MONTBELIARD – FCSM		

Former functions and Directorships in the past five years:
- Director of FFP,
- Director of ETABLISSEMENTS PEUGEOT FRERES,
- Permanent representative of ETABLISSEMENTS PEUGEOT FRERES on the Board of Directors of LA FRANÇAISE DE PARTICIPATIONS FINANCIERES – LFPF.

Relevant expertise and professional experience:
Roland Peugeot, a Harvard University graduate,
has held several positions as Chairman in the PSA Peugeot Citroën Group. In particular he served as Chairman of the Supervisory Board from 1972 to 1998. He was also a member of the Board of Directors of Automobiles Peugeot from 1982 to 1996.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 15,204 shares.

François Michelin	Advisor to the Supervisory Board
First elected as advisor to the Supervisory Board on 25 July 2006 Current term expires 2016 French Born on 15 June 1926 Business address: Pardevi 23, place des Carmes Déchaux 63040 Clermont-Ferrand France	**Function/Directorship expired in the past five years** • Chairman of PARTICIPATION ET DEVELOPPEMENT INDUSTRIELS S.A. – PARDEVI • Managing General Partner of COMPAGNIE FINANCIERE MICHELIN (Switzerland) **Relevant expertise and professional experience:** François Michelin, who holds a mathematics degree from the Faculté de Sciences de Paris, became co-Managing General Partner of CGEM in 1955, then sole Managing General Partner in 1959. Under François Michelin's leadership, Michelin rose from the world's tenth largest tyre manufacturer to one of the top three. **Number of PEUGEOT S.A. shares owned as of 31 December 2012: 150 shares.**

14.1.2. THE MANAGING BOARD AND EXECUTIVE COMMITTEE

MANAGING BOARD

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's bylaws, or by shareholders in a General Meeting, in accordance with French company law.

Appointed on 17 June 2009, the Managing Board at 31 December 2012 was composed of the following members: Philippe Varin, Chairman, Guillaume Faury, Grégoire Olivier, Frédéric Saint-Geours, Jean-Baptiste Chasseloup de Chatillon and Jean-Christophe Quemard. Jean-Marc Gales stepped down as a member of the Managing Board on 1 March 2012.

In addition to their collective decision-making role, the Managing Board members also had the following specific areas of responsibility until 2 April 2013: Guillaume Faury is in charge of research and development, Grégoire Olivier heads the Asia Division, Frédéric Saint-Geours is in charge of the brands, Jean-Baptiste Chasseloup de Chatillon heads the Finance Department, Jean-Christophe Quemard is in charge of programmes.

The Peugeot S.A. Supervisory Board, at its meeting of 12 March 2013, appointed a reduced Managing Board ahead of time, effective 2 April 2013.

The Managing Board will be made up of four members rather than the six previously appointed: Philippe Varin, Chairman; Jean-Baptiste de Chatillon, Chief Financial Officer; Grégoire Olivier, Executive Vice-President, Asia; and Jean-Christophe Quemard, Executive Vice-President, Programmes.

GROUP EXECUTIVE COMMITTEE

Executive management of the PSA Peugeot Citroën Group until 2 April 2013 is the responsibility of the Executive Committee, which is comprised of the six members of the Managing Board and four Senior Vice-Presidents reporting to the Chairman of the Managing Board. Yannick Bezard (Purchasing), Claude Brunet (Human Resources and Quality), Denis Martin (Industrial Operations) and Pierre Todorov (Corporate Secretary).

Until 2 April 2013, in addition to the Executive Committee, three Senior Vice-Presidents report to the Chairman of the Managing Board: Latin America, Russia Ukraine CIS, Strategy, and Corporate Communications.

To guarantee the due execution of the Group's strategy, a smaller Management team was built around Philippe Varin, Chairman of the Managing Board. Detailed information regarding said team is given in section 7.1.2. of this registration document.

INFORMATION ABOUT THE MANAGING BOARD MEMBERS

FUNCTIONS EXERCISED AS OF 31 DECEMBER 2012

Philippe Varin

First appointed to the Managing Board on 1 June 2009

Current term expires 2017

French

Born on 8 August 1952

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Chairman of the Managing Board of PEUGEOT S.A.

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman of the Board of Directors of PEUGEOT CITROËN AUTOMOBILES S.A.		√
Director of BANQUE PSA Finance		√
Director of FAURECIA	√	√
Director of PCMA HOLDING B.V.		√
Non-executive Director of BG GROUP PLC		

Former functions and Directorships in the past five years:
Chairman of the Board of Directors of GEFCO S.A. (term expired on 20 December 2012)
Director of TATA STEEL EUROPE LIMITED
Director of TATA STEEL LIMITED
Director of TATA STEEL UK LIMITED

Relevant expertise and professional experience:
Philippe Varin, a graduate of École Polytechnique with an engineering degree from École des Mines de Paris, held a number of different executive positions with the Pechiney Group before being appointed as President of the Rhenalu division in 1995. In 1999, he became senior executive President, Aluminium and a member of the Executive Committee. In 2003, he was named Chief Executive Officer of the Anglo-Dutch steel group Corus, which he left in April 2009 to join PEUGEOT S.A.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 76,400 shares.

Jean-Baptiste Chasseloup de Chatillon

First appointed to the Managing Board on 13 March 2012

Current term expires 2017

French

Born on 19 March 1965

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Managing Board of PEUGEOT S.A.
Chief Financial Officer, PSA Peugeot Citroën

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Director of PEUGEOT CITROËN AUTOMOBILES S.A.		√
Director of AUTOMOBILES CITROËN		√
Member of the Supervisory Board of GEFCO SA*		
Director of FAURECIA	√	√
Chairman of the Supervisory Board of PEUGEOT FINANCE INTERNATIONAL NV		√
Vice-Chairman and Managing Director of PSA INTERNATIONAL S.A.		√
Director of PCMA HOLDING B.V.		√
Director of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD.		√
Director of CHANGAN PSA AUTOMOBILES CO. LTD		√
Permanent representative of PEUGEOT S.A. on the Board of Directors of AUTOMOBILES PEUGEOT		√

Former functions and Directorships in the past five years:
- Chairman of the Supervisory Board of Peugeot Finance International NV
- Permanent representative of Citroën Belux on the Board of Directors of PSA Finance Belux.
- Director of GEFCO*

Relevant expertise and professional experience:
A graduate of Université Paris Dauphine and the University of Lancaster (UK), Jean-Baptiste Chasseloup de Chatillon is currently Chief Financial Officer of PSA Peugeot Citroën Group and a member of the Senior Management Committee. He previously held management positions within the Group before being appointed as the Group's Management Control Director in 2007.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 1,000 shares.

** Managing Board and Supervisory Committee governance was adopted in 2012.*

Guillaume Faury

First appointed to the Managing Board on 17 June 2009

Current term expires 2017

French

Born on 22 February 1968

Business address:
PSA Peugeot Citroën
Centre technique Vélizy A
Route de Gisy
78140 Vélizy-Villacoublay
France

Member of the Managing Board of PEUGEOT S.A.
Until 2 April 2013, Executive Vice-President, research and development, PSA Peugeot Citroën group

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chief Executive Officer of PEUGEOT CITROËN AUTOMOBILES S.A.		√
Chairman of the Board of Directors of PEUGEOT CITROËN AUTOMOVEIS PORTUGAL S.A.		√
Director of PEUGEOT CITROËN AUTOMOVILES ESPAÑA S.A.		√
Director of CHANGAN PSA AUTOMOBILES CO. LTD		√

Former functions and Directorships in the past five years:
- Director of APSYS (EADS Group),
- Director of I.A.E
- Director of I.F.P.E.N.
- Director of EUROCOPTER DEUTSCHLAND GmbH,
- Member of the Supervisory Board of EUROCOPTER DEUTSCHLAND GmbH.

Relevant expertise and professional experience:
Guillaume Faury graduated from Ecole Polytechnique and Ecole Nationale Supérieure de l'Aéronautique et de l'Espace and holds a post-graduate degree in Business Administration. He held various managerial positions at Eurocopter, serving on the Executive Committee and as Director of Marketing Programmes from 2006 to 2008. He joined PSA Peugeot Citroën in 2009 and was appointed to the Managing Board in June 2009, then Executive Vice President, research and development.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 0 share.

Grégoire Olivier

First appointed to the Managing Board on 6 February 2007

Current term expires 2017

French

Born on 19 October 1960

Business address:
PSA Peugeot Citroën
3rd Floor, Building 2,
1528 Gumai Road, Shanghai,
CahoejingHi-Tech Park
200 233 Shanghai
China

Member of the Managing Board of PEUGEOT S.A.
Executive Vice-President, Asia

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Vice-Chairman of CHANGAN PSA AUTOMOBILES CO LTD		√
Chairman of PEUGEOT CITROËN (CHINA) AUTOMOTIVE TRADE CO.		√
Director of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD.		√

Former functions and Directorships in the past five years:
- Member of the Supervisory Board of WENDEL,
- Director of PEUGEOT CITROËN AUTOMOBILES S.A.
- Permanent representative of PEUGEOT S.A. on the Board of Directors of AUTOMOBILES PEUGEOT
- Permanent representative of PEUGEOT S.A. on the Board of Directors of AUTOMOBILES CITROËN.

Relevant expertise and professional experience:
Grégoire Olivier, a graduate of Ecole Polytechnique, holds an engineering degree from Ecole des Mines de Paris and an MBA from the University of Chicago. After holding various positions, in particular at Pechiney and Alcatel, he was appointed Chairman of the Sagem Management Board in 2005. He was appointed Chairman and Chief Executive Officer of Faurecia in 2006 and then joined PSA Peugeot Citroën in 2007 as Executive Vice President of the Automobile Programmes and Strategy Department and member of the Managing Board. He is currently Vice President, Asia.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 4,000 shares.

Fréderic Saint-Geours

Member of the Managing Board:

from 1 July 1998 to 1 January 2008 and since 17 June 2009

Current term expires 2013

French

Born on 20 April 1950

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Member of the Managing Board of PEUGEOT S.A.
Until 2 April 2013, Executive Vice President, brands, PSA Peugeot Citroën group

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Chairman of the Board of Directors of BANQUE PSA Finance		√
Chairman of the Board of Directors of AUTOMOBILES PEUGEOT		√
Chairman of the Board of Directors of AUTOMOBILES CITROËN		√
Vice-Chairman of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD		√
Director of CASINO GUICHARD-PERRACHON	√	

Former functions and Directorships in the past five years:

- Chief Executive Officer of AUTOMOBILES PEUGEOT,
- Permanent representative of Peugeot S.A. on the Board of Directors of AUTOMOBILES PEUGEOT
- Chief Executive Officer of BANQUE PSA Finance. Permanent representative of AUTOMOBILES PEUGEOT on the Board of Directors of Banque PSA Finance.
- Director of CHANGAN PSA AUTOMOBILES CO. LTD
- Director of FAURECIA
- Director of GEFCO
- Permanent representative of AUTOMOBILES PEUGEOT on the Board of Directors of GEFCO
- Director of PCMA HOLDING B.V.
- Director of PEUGEOT CITROËN AUTOMOBILES S.A.
- Member of the Supervisory Board of PEUGEOT DEUTSCHLAND GmbH
- Director of PEUGEOT ESPAÑA S.A.
- Chairman of the Supervisory Board of PEUGEOT FINANCE INTERNATIONAL NV
- Vice-Chairman and Managing Director of PSA INTERNATIONAL S.A.

Other offices held:

- President of the Union of Metal Industries and Professions (UIMM)

Relevant expertise and professional experience:
Frédéric Saint-Geours is a graduate of Institut d'Etudes Politiques in Paris and Ecole Nationale d'Administration, and holds a degree in Economics. He joined PSA Peugeot Citroën in 1986, holding various positions, including Chief Financial Officer and Executive Vice-President of the Peugeot brand. In June 2009, he was appointed to the Managing Board and named Executive Vice President, Finance and Strategic Development. In January 2012, he became Executive Vice President, brands.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 2,370 shares.

Jean-Christophe Quémard

First appointed to the Managing Board on 13 March 2012

Current term expires 2017

French

Born on 30 September 1960

Business address:
PSA Peugeot Citroën
Centre technique Vélizy A
Route de Gisy
78140 Vélizy-Villacoublay
France

Member of the Managing Board of PEUGEOT S.A.
Group Programme Director, PSA Peugeot Citroën group

Other functions and Directorships as of 31 December 2012:

Function/Directorship	Listed company	Group company
Director of DONGFENG PEUGEOT, CITROËN AUTOMOBILES COMPANY LTD		√
Director of PCMA HOLDING B.V.		√
Director of IFPEN		

Former functions and Directorships in the past five years:

- Director of BMW PEUGEOT CITROËN ELECTRIFICATION

Relevant expertise and professional experience:
A graduate of the Ecole des Mines in Saint-Etienne and the Ecole du Pétrole et des Moteurs, Jean-Christophe Quemard came to PSA Peugeot Citroën in 1986. He held various positions, including Director of the Vehicle Platforms and Technology Department. He was appointed as a member of an expanded Management Committee and as Head of Purchasing in 2008 and became a member of the Senior Management Committee in 2009. In September 2010, he was appointed Director of Programmes. He is also a Director of IFP Energies Nouvelles in his capacity as a qualified person.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 920 shares.

TERMS EXPIRED IN 2012

Jean-Marc Gales

First appointed to the Managing Board on 21 April 2009

Term expired in 2012

Luxembourger

Born on 16 August 1962

Business address:
PSA Peugeot Citroën
75, avenue de la Grande-Armée
75016 Paris
France

Former member of the Managing Board of PEUGEOT S.A.
Former Executive Vice President, brands, PSA Peugeot Citroën group

Other functions and Directorships up to 29 February 2012:

Function/Directorship	Listed company	Group company
Chairman of the Board of Directors of AUTOMOBILES CITROËN		√
Chairman of the Board of Directors of AUTOMOBILES PEUGEOT		√
Chairman of the Board of Directors of PEUGEOT MOTOCYCLES		√
Permanent representative of AUTOMOBILES PEUGEOT on the Board of Directors of Banque PSA Finance		√
Chairman and member of the Supervisory Board of CITROËN NEDERLAND B.V.		√
Chairman and member of the Supervisory Board of PEUGEOT DEUTSCHLAND		√
Chairman of the Board of Directors of CITROËN ITALIA SPA		√
Chairman of the Board of Directors of CITROËN (Suisse) SA		√
Chairman of the Board of Directors of PEUGEOT (Suisse) SA		√
Chairman and member of the Supervisory Board of CITROËN DEUTSCHLAND		√
Chairman of the Board of Directors of PEUGEOT AUTOMOBILI ITALIA		√
Chairman of the Board of Directors of CITROËN UK		√
Director OF CITROËN BELUX		√
Director of AUTOMOVILES CITROËN ESPAÑA S.A.		√
Director of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD.		√
Director of PEUGEOT ALGERIA		√
Director of PEUGEOT ESPAÑA S.A.		√
Director of PEUGEOT MOTOR COMPANY PLC		√
Chairman of the Board of Directors OF CITROËN UK		√

Former functions and Directorships in the past five years:
- Chairman of the Board of Directors of CITER
- Vice-Chairman of the Supervisory Board of CITROËN DEUTSCHLAND
- Director of CITROËN ITALIA S.p.A.
- Chief Executive Officer of AUTOMOBILES CITROËN
- Chief Executive Officer of AUTOMOBILES PEUGEOT
- Permanent representative of AUTOMOBILES CITROËN on the Board of Banque PSA Finance.

Relevant expertise and professional experience:
Jean-Marc Gales holds a Master of Science in Management from Imperial College in London and a degree in mechanical engineering from the University of Karlsruhe. Since 1990, he has held various executive positions in a number of leading automobile groups. At Daimler Chrysler AG, he served as Executive Vice-President of Global Sales for Mercedes Benz. He joined PSA Peugeot Citroën in April 2009 as Chief Executive Officer of Automobiles Citroën. In June 2009, he was appointed Executive Vice President, brands, and named to the Managing Board.

Number of PEUGEOT S.A. shares owned as of 31 December 2012: 0 share.

14.2. DISCLOSURES ON THE SITUATION OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGING BOARD

MEMBERSHIP STRUCTURE OF THE SUPERVISORY BOARD AND FAMILY RELATIONSHIPS

The membership structure of the Supervisory Board appropriately reflects the percentage of capital held by the Company's main shareholder, the Peugeot family.

The Supervisory Board comprises five family members who represent the reference shareholder: Thierry Peugeot, Jean- Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Helene Roncoroni is Thierry Peugeot's sister. Marie-Hélène Roncoroni and Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are third cousins. There are no family ties among the other Supervisory Board or Managing Board members.

Pamela Knapp, Thierry Pilenko, Henri Philippe Reichstul, Dominique Reinche, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot Jr. and Louis Gallois have no ties with the Company, its Group or its management and contribute their international financial and managerial experience to the Board's deliberations.

A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automobile industry and the Group's operation, as well as of British and American corporate governance practices.

At its meeting on 12 February 2013, the Supervisory Board decided that these members could be qualified as Independent based within the independance criteria applied by the Group. For more details about the members of the Supervisory Board, please refer to Chapter 16.

CONFLICTS OF INTEREST CONCERNING SUPERVISORY BOARD OR MANAGING BOARD MEMBERS

The corporate officers have declared that no conflict of interest occurred during fiscal 2012 between their obligations to Peugeot S.A. and their personal interests or other obligations, and that none existed at the date of this document.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

SANCTIONS APPLIED TO SUPERVISORY BOARD OR MANAGING BOARD MEMBERS

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.

14.3. TRADING IN THE COMPANY'S SHARES BY MANAGEMENT AND THOSE RELATED TO THEM

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-22 of the AMF General Regulations, the following transactions were declared for 2012 on the securities of the Company by the senior management and the persons closely related to them:

Date of transaction	Name and position	Type of transaction	Shares involved	Unit price	Amount of the transaction
7 March 2012	Jean-Paul Parayre (member of the Supervisory Board)	Acquisition	Options (puts)	€18.55	€556,500
7 March 2012	Jean-Paul Parayre (member of the Supervisory Board)	Sale	Options (puts)	€18.29	€548,700
21 March 2012	Roland Peugeot, Advisor	Subscription	Shares	€8.27	€42,871.68
21 March 2012	Jean-Paul Parayre (member of the Supervisory Board)	Sale	Preferential subscription rights	€2.3552	€963.28
29 March 2012	SAPAR (a holding company with ties to Thierry Peugeot, Chairman of the Supervisory Board, and Marie Hélène Roncoroni, member of the Supervisory Board)	Subscription	Shares	€8.27	€5,361,480
29 March 2012	Thierry Peugeot, Chairman of the Supervisory Board	Subscription	Shares	€8.27	€10,278.96
29 March 2012	Philippe Varin, Executive Chairman	Subscription	Shares	€8.27	€215,020
29 March 2012	Frédéric Saint-Geours, member of the Managing Board	Subscription	Shares	€8.27	€6,616
26 April 2012	Grégoire Olivier, member of the Managing Board	Acquisition	Shares	€9.007	€40,531.50
29 May 2012	SAPAR (a holding company with ties to Thierry Peugeot, Chairman of the Supervisory Board, and Marie Hélène Roncoroni, member of the Supervisory Board)	Acquisition	Shares	€8.27	€1,999,723.20
14 February 2013	Guillaume Faury, member of the Managing Board	Acquisition	Shares	€6.43	€10,291.20

15

MANAGEMENT COMPENSATION

15.1. MANAGING BOARD COMPENSATION

BASE SALARY AND INCENTIVE BONUS

COMPENSATION POLICY

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee.

The annual compensation paid to Managing Board members includes a base salary and an incentive bonus based on the achievement of a certain number of qualitative and quantitative objectives.

Their incentive bonuses are calculated at the beginning of each year, based on performance in relation to shared and personal objectives. Also at the beginning of the year, the Supervisory Board sets objectives for each Managing Board member for the current year.

2012 COMPENSATION

- For 2012, the annual base salary for the Chairman of the Managing Board, unchanged from 2011, was €1,300,000. The base salaries set for Managing Board members, also unchanged from 2011, were €618,000. Grégoire Olivier, who is based in China, also received a distance allowance corresponding to half of his salary on an annualised basis.
- For 2012, the incentive bonus for members of the Managing Committee was set as follows: The Chairman of the Managing Board has an incentive bonus which can rise to 150% of his base salary. Of the total, 20% represents an exceptional bonus that may be awarded by the Supervisory Board based on its assessment of the Chairman's performance in heading the Group and the other 130% is awarded based on the attainment of clearly defined objectives. For the other Managing Board members, the incentive bonus represents up to 110% of their annual base salary, of which up to 10% represents an exceptional bonus that may be awarded by the Supervisory Board based on its assessment of their performance and 100% is based on the attainment of clearly defined objectives.

  In other words, apart from the exceptional bonus, the incentive bonus is paid only when certain performance targets are met.

  The members of the Managing Board are assigned both shared and personal objectives.
- The portion of the incentive bonus corresponding to shared objectives represents 90% of base salary for the Chairman of the Managing Board and 75% for its other members. Said objectives are quantitative and relate to the following criteria:
  - Group recurring operating income (representing 20% for the Chairman of the Managing Board and 15% for the other members of the Managing Board),
  - Automotive recurring operating income (representing 20% for the Chairman of the Managing Board and 15% for the other members of the Managing Board),
  - Free cash flow from manufacturing and sales companies (representing 20% for the Chairman of the Managing Board and 15% for the other members of the Managing Board)[1],
  - The Automotive performance plan (representing 15% for the Chairman of the Managing Board and for the other members of the Managing Board),
  - Work safety (representing 5% for the Chairman of the Managing Board and for the other members of the Managing Board),
  - Vehicle quality and customer service (representing 10% for the Chairman of the Managing Board and for the other members of the Managing Board).

  The achievement level for each of the objectives is calculated based on accounting data or information provided by external organisations. The required achievement levels were determined precisely, in relation to the corresponding budget items.
- The portion of the incentive bonus corresponding to personal objectives represents a maximum of 40% of base salary for the Chairman of the Managing Board and 25% for the other members. These personal objectives – which relate to each member's individual executive responsibilities – include criteria for 2012 such as the status of the savings plan in 2012, improving profitability of operations and vehicle project performance, and control of inventories. Targets (in terms of operating profit, market share, volumes, etc.) are associated with most of these criteria.

The members of the Managing Board received no incentive bonuses in 2012.

2012 compensation is shown in table 2 below.

2013 COMPENSATION

In 2013, the salaries of the Chairman and members of the Managing Board will remain unchanged, and the Managing Board will receive no incentive bonus.

Pursuant to the agreement signed with the French State as to the latter's guarantee of bonds issued by Banque PSA Finance, any variable portion offered to members of the Managing Board would need prior authorisation by the State so long as the guarantee is in place.

(1) Cash surplus in 2012 from manufacturing and sales companies (excluding BPF), after financing of investments.

PENSION BENEFITS UNDER AN INSURED PLAN

In 2002, the Group set up a "top-hat" defined benefit pension plan for senior Group executives with insurance company Axa France Vie. The eligibility criteria and the applicable terms and conditions are set out in the plan.

For the current members of the Managing Board as of 1 January 2010

For current Managing Board members, the top hat plan guarantees a level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of the reference compensation, taken to be the average of the three highest gross annual compensation (including incentive bonus) received over the last five years with the Group. This additional pension is divided into two parts: a fixed portion equivalent to 30% of the reference compensation and an additional 2% of the reference compensation per year of service with the Group, up to a maximum 20%. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least five years and must end his or her career with the Group.

Jean-Christophe Quemard, Executive Committee member as of 1 January 2010, benefits also from the plan applicable as of said date.

For members of the Managing Board appointed on or after 1 January 2010

Since 1 January 2010, a new regime has been established for the new members of the executive bodies. The benefits from this collective insurance agreement will apply under the following conditions: the reference compensation shall correspond to the average of their base salary for the last three years in their position plus a percentage equal to the average of the ratios of their incentive bonus/base salary for the eight years preceding their retirement from the PSA Peugeot Citroën Group.

The additional pension is divided into two parts: a fixed portion equivalent to 20% of the reference compensation and an additional 1.75% of the reference compensation per year of service with the Group, up to a maximum 30%. The overall pension benefits payable under all plans (statutory and supplementary) shall be capped at 50% of the benchmark salary and at 29 times the annual ceiling used for social security contributions. To be entitled to this additional pension benefit, a member must have served as a senior executive of the Group (as defined in the plan) for at least eight years and end his or her career with the Group.

This additional pension scheme complies with the applicable recommendations of AFEP/MEDEF Code. Table 10 shows, for each member of the Management Board, the commitments made by the Group for the supplemental pension scheme. For 2012, total compensation for the members of the Executive Committee was determined by taking into consideration the benefit that this supplemental pension scheme represents.

EMPLOYMENT CONTRACT

No member of the Managing Board holds a salaried position in the Group, with the understanding that the employment contracts of Messrs de Chatillon and Quemard were suspended upon their appointment.

STOCK OPTIONS/PERFORMANCE SHARE GRANTS

None of the members of the Managing Board was granted any stock options or performance shares in 2012. Pursuant to the undertakings given by the Group in connection with the support granted by the French government in the form of guarantees for certain market issues of debt securities to be carried out by Banque PSA Finance, any grant of performance shares to members of the Managing Board would be subject to the prior approval of French Government.

The Managing Board members who have received stock options since 2007 are subject to lock-up rules [(1)] and are prohibited from using hedging instruments.

(1) Obligation to keep in registered form a portion of the shares obtained from the exercise of allocated stock options until the end of their term, which should be equivalent to 15% of the theoretical gross capital gain realisable..

To the best of the Company's knowledge, none of these options have been covered by a hedging instrument. The Stock Market Code of Ethics bans corporate officers from entering into any hedging transactions on the Company's shares, including shares receivable on exercise of stock options.

Details of stock option plans in effect at 31 December 2012 are presented in Note 26.3 to the consolidated financial statements in section 20, below. Table 5 below (paragraph 15.3) shows that no options were exercised by Managing Board members during 2012.

OTHER BENEFITS

The only benefit in kind provided to Managing Board members is a company car.

No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member. Details of the different types of compensation, commitments and benefits granted to Managing Board members in respect of their office in 2012 are presented in tables 1, 2 and 10 below.

15.2. COMPENSATION OF THE SUPERVISORY BOARD MEMBERS

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. Pursuant to the decision of the Annual Shareholders' Meeting of 31 May 2011, this amount has been set at €1,000,000 until further notice.

In 2012, €40,000 was allocated to each member of the Supervisory Board and €20,000 to each advisor. The members of the Supervisory Board Committees were paid an additional €15,000, with the Chairmen of the Strategy Committee, the Appointments and Governance Committee and the Compensation Committee receiving an additional €20,000 and the Chairman of the Finance and Audit Committee €30,000.

The Chairman of the Supervisory Board waived the increase in his compensation voted by the Supervisory Board on 8 February 2011 and therefore received compensation of €425,000 for 2012, unchanged since 2002. Each Vice-Chairman of the Supervisory Board received €40,000.

No benefits in kind have been awarded to Supervisory Board members, with the exception of a company car provided for the Chairman. The Company reimburses the expenses incurred for the performance of their mission by the members of the Supervisory Board residing abroad. Details of the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2012 are presented in the tables below.

Moreover, Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni also receive compensation for working or holding corporate offices in the Peugeot family's companies. Details regarding this compensation are provided in the FFP Management Report.

15.3. COMPENSATION AND BENEFITS

TABLE 1: COMPENSATION AND STOCK-OPTIONS AWARDED TO MEMBERS OF THE MANAGING BOARD

Philippe VARIN, Chairman of the Managing Board	2011	2012
Compensation for the year (details in table 2)	1,302,700	1,302,172
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**1,302,700**	**1,302,172**

Grégoire OLIVIER, Executive Vice-President, Asia	2011	2012
Compensation for the year (details in table 2)	929,700	929,172
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**929,700**	**929,172**

Jean-Baptiste CHASSELOUP DE CHATILLON, Chief Financial Officer	2011	2012
Compensation for his term from 13 March to 31 December 2012 (details in table 2)		498,013
Compensation for his employment contract from 1 January to 12 March 2012 (details in table 2)		90,118
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL		**588,131**

Frédéric SAINT-GEOURS, Executive Vice-President, brands	2011	2012
Compensation for the year (details in table 2)	620,700	620,172
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**620,700**	**620,172**

Jean-Christophe QUÉMARD, Executive Vice-President, Programmes	2011	2012
Compensation for his term from 13 March to 31 December 2012 (details in table 2)		498,013
Compensation for his employment contract from 1 January to 12 March 2012 (details in table 2)		176,636
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL		**674,649**

Guillaume FAURY, Executive Vice-President, Research and Development	2011	2012
Compensation for the year (details in table 2)	620,700	620,172
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**620,700**	**620,172**

Jean-Marc GALES	2011	2012 1 January 2012 to 29 February 2012
Compensation for the year (details in table 2)	620,700	103,362
Value of stock-options granted during the year (details in table 4)		
Value of performance shares granted during the year (details in table 6)		
TOTAL	**620,700**	**103,362**

TABLE 2: COMPENSATION OF MEMBERS OF THE MANAGING BOARD

Philippe VARIN Chairman of the Managing Board	Amounts for 2011		Amounts for 2012	
	Due	Paid in 2011	Due	Paid in 2012
Salary	1,300,000	1,300,000	1,300,000	1,300,000
Bonus		1,651,000*		
Exceptional compensation		300,000*		
Company car	2,700	2,700	2,172	2,172
TOTAL	**1,302,700**	**3,253,700**	**1,302,172**	**1,302,172**

Grégoire OLIVIER Executive Vice-President, Asia	Amounts for 2011		Amounts for 2012	
	Due	Paid in 2011	Due	Paid in 2012
Salary	618,000	618,000	618,000	618,000
Bonus		519,120		
Exceptional compensation		120,000*		
Distance allowance	309,000	309,000*	309,000	309,000
Company car	2,700	2,700	2,172	2,172
TOTAL	**929,700**	**1,568,820**	**929,172**	**929,172**

Jean-Baptiste CHASSELOUP DE CHATILLON Chief Financial Officer	Amounts for 2011	Amount for 2012 for the 13/03/2012 - 31/12/2012 term		Amount for 2012 for the 01/01/2012 - 12/03/2012 employment contract	
		Due	Paid in 2012	Due	Paid in 2012
Salary		496,273	496,273	38,409	38,409
Bonus					33,800
Other liabilities(1)				51,277	51,277
Company car		1,740	1,740	432	432
TOTAL		**498,013**	**498,013**	**90,118**	**123,918**

Frédéric SAINT-GEOURS Executive Vice-President, brands	Amounts for 2011		Amounts for 2012	
	Due	Paid in 2011	Due	Paid in 2012
Salary	618,000	618,000	618,000	618,000
Bonus		525,300*		
Exceptional compensation		120,000*		
Company car	2,700	2,700	2,172	2,172
TOTAL	**620,700**	**1,266,000**	**620,172**	**620,172**

Jean-Christophe QUÉMARD Executive Vice-President, Programmes	Amounts for 2011	2012 for his term from 13 March to 31 December 2012		2012 for his employment contract from 1 January to 12 March 2012	
		Due	Paid in 2012	Due	Paid in 2012
Salary		496,273	496,273	84,697	84,697
Bonus					63,000
Other liabilities(1)				91,507	91,507
Company car		1,740	1,740	432	432
TOTAL		**498,013**	**498,013**	**176,636**	**239,636**

Guillaume FAURY Executive Vice-President, Research and Development	Amounts for 2011		Amounts for 2012	
	Due	Paid in 2011	Due	Paid in 2012
Salary	618,000	618,000	618,000	618,000
Bonus		525,300		
Exceptional compensation		120,000*		
Company car	2,700	2,700*	2,172	2,172
TOTAL	**620,700**	**1,266,000**	**620,172**	**620,172**

Jean Marc GALES Member of the Managing Board	Amounts for 2011		Amounts for 2012 from 1 January to 29 February	
	Due	Paid in 2011	Due	Paid in 2012
Salary	618,000	618,000	103,000	103,000
Bonus		525,300		
Exceptional compensation		120,000		
Company car	2,700	2,700	362	362
TOTAL	**620,700**	**1,266,000**	**103,362**	**103,362**

(1) Amount received as a result of the suspension of his employment contract including paid leave compensation.

* *Amounts paid in 2011 for 2010.*

TABLE 3: ATTENDANCE FEES AND OTHER COMPENSATION PAID TO MEMBERS OF THE SUPERVISORY BOARD AND SUPERVISORY BOARD ADVISORS

Members of the Supervisory Board and Supervisory Board advisors	Paid in 2011	Paid in 2012
Thierry PEUGEOT, Chairman of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	50,000	50,000
Other compensation (as Chairman of the Supervisory Board)	425,000	425,000
Jean-Philippe PEUGEOT, Vice-Chairman of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	50,000	50,000
Other compensation (as Vice-Chairman of the Supervisory Board)	40,000	40,000
Jean-Louis SILVANT, Vice-Chairman of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	45,000	45,000
Other compensation (as Vice-Chairman of the Supervisory Board)	40,000	40,000
Marc FRIEDEL, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	15,000	15,000
Jean-Louis MASUREL, member of the Supervisory Board		
Attendance fees	20,000	
Attendance fees for members of Board Committees	7,500	
Jean-Paul PARAYRE, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	45,000	45,000
Robert PEUGEOT, member of the Supervisory Board*		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	50,000	50,000
Henri Philippe REICHSTUL, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	15,000	15,000
Marie-Hélène RONCORONI, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	15,000	15,000
Geoffroy ROUX de BÉZIEUX, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	30,000	30,000
Ernest-Antoine SEILLIÈRE, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	45,000	45,000
Joseph F. TOOT, member of the Supervisory Board		
Attendance fees	40,000	40,000
Attendance fees for members of Board Committees	15,000	15,000

Members of the Supervisory Board and Supervisory Board advisors	Paid in 2011	Paid in 2012
Pamela KNAPP, member of the Supervisory Board		
Attendance fees	20,000	40,000
Attendance fees for members of Board Committees	7,500	15,000
Dominique REINICHE, member of the Supervisory Board		
Attendance fees		26,667
Attendance fees for members of Board Committees		7,500
Thierry PILENKO, Chairman of the Supervisory Board		
Attendance fees		26,667
Attendance fees for members of Board Committees		7,500
François MICHELIN, Advisor		
Attendance fees	20,000	20,000
Roland PEUGEOT, Advisor		
Attendance fees	20,000	20,000
TOTAL	**1,415,000**	**1,483,334**

* Robert Peugeot also received €22,000 for 2011 and €26,000 for 2012 as Director of Faurecia.

TABLE 4: OPTIONS TO PURCHASE EXISTING OR NEW SHARES OF PEUGEOT S.A. STOCK GRANTED TO MEMBERS OF THE MANAGING BOARD DURING THE YEAR

Name	Number and date of plan	Type of shares to be purchased	Value based on the method used in the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
NONE						

TABLE 5: OPTIONS TO PURCHASE EXISTING OR NEW SHARES OF PEUGEOT S.A. STOCK EXERCISED BY MEMBERS OF THE MANAGING BOARD DURING THE YEAR

No option exercised by members of the Managing Board in 2012.

TABLE 6: PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGING BOARD

None.

TABLE 7: PERFORMANCE SHARES VESTING DURING THE YEAR FOR MEMBERS OF THE MANAGING BOARD

None.

TABLE 8: OPTIONS GRANTED TO MEMBERS OF THE MANAGING BOARD TO PURCHASE NEW OR EXISTING SHARES OF PEUGEOT S.A. STOCK

Managing Board meeting date	05/10/2000	20/11/2001	20/08/2002	21/08/2003	24/08/2004	23/08/2005	23/08/2006	22/08/2007	20/08/2008
Total number of shares under option of which available for purchase by:	709,200	798,600	860,100	996,500	1,159,040	1,100,050	1,131,145	1,311,825	1,536,250
Grégoire Olivier Executive Vice-President, Asia								70,200	70,200
Jean-Baptiste Chasseloup de Chatillon Chief Financial Officer								4,680	7,020
Frédéric Saint-Geours Executive Vice-President, brands						46,800	46,800	70,200	29,250
Jean-Christophe Quémard Executive Vice-President, Programmes								4,680	35,100
Earliest exercise date	05/10/2002	20/11/2004	20/08/2005	21/08/2006	24/08/2007	23/08/2008	23/08/2009	22/08/2010	20/08/2011
Last exercise date	05/10/2008	20/11/2008	21/08/2009	21/08/2011	24/08/2012	23/08/2013	23/08/2014	22/08/2015	20/08/2016
Exercise price (in euros)	35.45	46.86	46.28	39.09	40.68	44.76	35.16	51.65	28.27
Exercise terms (applicable to plans comprising several tranches)									
Number of shares issued on exercise of options as at 31 December 2012	526,093	389,400	317,800	289,393	12,000	10,000	15,000	0	0
Number of options cancelled, expired or forfeited	183,107	409,200	542,300	707,107	1,147,040	75,020	110,530	244,200	237,550
Number of options outstanding at the period-end	0	0	0	0	0	1,005,030	1,005,615	1,067,625	1,298,700

TABLE 9: OPTIONS GRANTED TO OR EXERCISED BY THE TOP TEN EMPLOYEE GRANTEES (OTHER THAN CORPORATE OFFICERS)

	Total number of options granted/shares subscribed or purchased	Exercise Price
Options granted during the year by the Company and any company included in the plan to the ten employees (other than corporate officers) of these companies to whom the most options were granted	0	
Options granted by the Company and any companies included in the plan and exercised during the year by the ten employees (other than corporate officers) of these companies having exercised the most options	0	

TABLE 10: PENSION OBLIGATIONS CONCERNING MEMBERS OF THE MANAGING BOARD

	Employment contract		Supplementary pension plan		Compensation or benefits due or that may be due on termination or change in position		No-compete indemnity		Commitments under the PBO* Executive pension plan at 31 Dec 2012 *in thousands of euros*
Executive Corporate Officers	Yes	No	Yes	No	Yes	No [(4)]	Yes	No	Yes [(5)]
Philippe Varin Chairman of the Managing Board since 1 June 2009		No	Yes [(2)]			No		No	20,968
Grégoire Olivier Executive Vice-President, Asia since 16 February 2007		No	Yes [(2)]			No		No	6,441
Jean-Baptiste Chasseloup de Chatillon Chief Financial Officer since 13 March 2012	Yes [(1)]		Yes [(3)]			No		No	13,485
Frédéric Saint-Geours Executive Vice-President, brands since 17 June 2009		No	Yes [(2)]			No		No	12,168
Jean-Christophe Quémard Executive Vice-President, Programes since 13 March 2012	Yes [(1)]		Yes [(2)]			No		No	12,804
Guillaume Faury Executive Vice-President, Research and Development since 17 June 2009		No	Yes [(2)]			No		No	4,049

(1) Employment contract suspended upon appointment to the Managing Board.

(2) Regime prior to 1 January 2010 described in paragraph 15.1 above.

(3) Regime after 1 January 2010 described in paragraph 15.1 above.

(4) No such benefits are payable to Managing Board members other than those referred to in the previous column.

(5) Estimated commitments from top-hat defined benefit pension plan for each Member of the Managing Board as of 31 December 2012 based on the information.

** PBO: portion of commitment corresponding to services rendered on the evaluation date.*

16

BOARD PRACTICES

16.1. DIRECTORSHIPS AND SIMILAR OFFICES HELD BY MEMBERS OF THE MANAGING BOARD AND SUPERVISORY BOARD

Please refer to section 14.1 above.

16.2. SERVICE CONTRACTS PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT

None of the members of the Supervisory Board or Managing Board have service contracts with Peugeot S.A. or any of its subsidiaries, providing for benefits upon termination of employment.

16.3. SUPERVISORY BOARD COMMITTEES

Please refer to section 16.5.1 below.

16.4. COMPLIANCE WITH BEST CORPORATE GOVERNANCE PRACTICES

At its 16 December 2008 meeting, the Supervisory Board decided to adopt the AFEP-MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Managing Board and Supervisory Board. Further details on the Company's application of this Code are provided in the report of the Chairman of the Supervisory Board on Board membership and gender balance, preparation and organisation of Supervisory Board meetings, and internal control and risk management.

Please refer to section 16.5.1 below.

16.5. OTHER SIGNIFICANT CORPORATE GOVERNANCE PRACTICES AND INTERNAL CONTROL PROCESSES AND PROCEDURES

The Group's internal controls are implemented based on its operational organisation as well as its legal structure. The applicable internal control processes are described in the report of the Chairman of the Supervisory Board.

16.5.1. REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON BOARD MEMBERSHIP AND GENDER BALANCE, PREPARATION AND ORGANISATION OF SUPERVISORY BOARD MEETINGS, AND INTERNAL CONTROL AND RISK MANAGEMENT

The report of the Chairman of the Supervisory Board on corporate governance and internal control was approved by the Board at its meeting on 12 February 2013.

1. CORPORATE GOVERNANCE

1.1. MEMBERSHIP OF THE SUPERVISORY BOARD

The Supervisory Board has fourteen members elected by shareholders for a term of office that has been shortened to four years for appointments made on or after 25 April 2012 (terms of office in progress on that date will run for six years), to comply with the AFEP-MEDEF Code.

The Board includes two Vice-Chairmen, who may exercise the powers of the Chairman of the Board should the latter be unable or fail to do so.

Its meetings are also attended by two non-voting advisors *(censeurs)*. This is a long-standing Group practice enabling the Board to benefit from their expertise and experience in the automotive industry. They are seasoned professionals and offer a long-term perspective on the Group's strategic objectives. The non-voting advisors are appointed by the Supervisory Board for four-year terms.

Louis Gallois was co-opted as lead member by the Board at its meeting of 12 February 2013. As lead member, he is independent within the meaning of the AFEP-MEDEF Code. His responsibilities are as follows:

- call and chair meetings of the independent members of the Supervisory Board at least once a year;
- offer the Chairman of the Supervisory Board suggestions and recommendations concerning the Board's practices after consulting with the other Board members;
- inform the Chairman of the Board of any conflicts of interest he may have identified;
- take note of the significant governance concerns of shareholders not represented on the Supervisory Board and ensure that they are addressed;
- oversee the assessment of the Board's performance, in coordination with the Chairman of the Appointments and Governance Committee;
- report on the performance of his duties to the Supervisory Board and, where applicable, to the Annual Shareholders' Meeting.

In accordance with the law, meetings of the Supervisory Board are also attended by two non-voting members of the Works Council.

1.1.1. Independence of Board Members

No member of the Board is a salaried employee of a Group company. To further involve employees in the Group's governance, the Supervisory Board decided, at its meeting of 23 October 2012, to initiate the process of having shareholders at the next Annual Shareholders' Meeting elect an employee representative to the Supervisory Board.

The Supervisory Board comprises five members of the Peugeot family and nine members qualified as independent based on the criteria applied by the Group.

As required by the AFEP-MEDEF Code, the Supervisory Board assesses the independence of its members every year. At its meeting of 12 February 2013, the Board examined the position of each of its members with regard to the independence criteria applied by the Group, based on the work done by the Appointments and Governance Committee.

The independence criteria applied by the Group are those set out in the AFEP-MEDEF Code. However, the Group does not follow certain AFEP-MEDEF criteria for the following members:

- not being a Director or Supervisory Board member of the corporation for more than twelve years for Jean-Paul Parayre, Ernest-Antoine Seillière and Joseph F. Toot Jr.: because auto manufacturing requires a medium and long-term approach, the Supervisory Board considers that the automotive experience acquired by its members through long service with the Board is extremely valuable. This is particularly the case in fulfilling one of the Board's key responsibilities, which is to discuss the Group's strategic growth vision. The Group believes that allowing these members to serve for more than twelve years does not interfere with their independence and enables the Group to benefit from, and build on, their varied experience in a cyclical industry, particularly in times of crisis;
- not holding a directorship or equivalent position in another Group company in the past five years for Jean-Louis Silvant: the Board considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. In addition, no member of the Supervisory Board exercises any senior executive responsibilities or is a salaried employee of a Group company. Consequently Jean-Louis Silvant is considered to be independent, even though he sits on the Board of Directors of Peugeot Suisse, a company whose operations only represent a small proportion of the Group's automotive business. Furthermore, he receives no compensation for this directorship.

Based on these criteria, the Supervisory Board considers that the following members may be qualified as independent:

- Pamela Knapp;
- Jean-Paul Parayre;
- Thierry Pilenko;
- Henri Philippe Reichstul;
- Dominique Reiniche;
- Geoffroy Roux de Bézieux;
- Ernest-Antoine Seillière;
- Jean-Louis Silvant;
- Joseph F. Toot Jr.

Nine out of the fourteen members of the Supervisory Board, i.e. 64% (compared with 58% in 2011), therefore qualify as independent based on these criteria, which is significantly more than the AFEP-MEDEF recommendation that in controlled companies at least one third of Board members should be independent.

In addition, when nominating Supervisory Board candidates for election or re-election, based on the recommendations of the Appointments and Governance Committee, the Board seeks to refresh its membership and enhance its independence, as well as to ensure a smooth rotation of its members by staggering their terms of office.

Please refer to section 14.2 above for information on conflicts of interest of members of the Supervisory Board.

1.1.2. Gender Balance

Three of the 14 members of the Supervisory Board are women and 11 are men.

After appointing Pamela Knapp in 2011, the Annual Shareholders' Meeting of 25 April 2012 appointed Dominique Reiniche as member of the Board, thereby increasing the percentage of women on the Board to 21%. The legal requirements and recommendations of the AFEP-MEDEF Code have thus been applied earlier than required by law.

The Board will continue to appoint women with a target of at least 40% female membership by the end of the Annual Shareholders' Meeting held in 2016, in accordance with the AFEP-MEDEF's recommendations concerning the representation of women on Boards of Directors.

1.2. PREPARATION AND ORGANISATION OF SUPERVISORY BOARD MEETINGS

1.2.1. The Supervisory Board's Roles, Responsibilities and Operating Procedures

Internal Rules

The current version of the Supervisory Board's internal rules, which is dated 13 March 2012, defines the Board's roles and responsibilities as follows:

- the Supervisory Board appoints members of the Managing Board and can remove them from office. It determines their compensation packages;
- the Supervisory Board sets the amount of compensation for its Chairman and Vice-Chairman or Chairmen and determines the procedures for allocating attendance fees among its members;
- in accordance with the law, the Supervisory Board acts as the oversight body of the Company, which is administered and managed by the Managing Board.

  As such, it is therefore responsible for:
  - overseeing the Managing Board's management of the Company by performing any checks and controls it deems appropriate,
  - carrying out periodic controls of the Company's management (i) on a quarterly basis by reviewing business reports presented by the Managing Board and (ii) within three months of each year-end, by examining and issuing its opinion and comments on the annual financial statements of the Company and Group, as presented by the Managing Board, and on the Management Report to the Annual Shareholders' Meeting;
- the Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with the Group's long-term vision as defined by the Supervisory Board.

  The Board reviews the strategic plan and the various multi-year business plans, as well as the capital expenditure plan and the budget.

The internal rules stipulate that the Supervisory Board is required to authorise in advance the following actions by the Managing Board as provided for in Article 9 of the Company's bylaws:

- shareholder-approved share issues (whether paid up in cash or by capitalizing retained earnings) and capital reductions;
- any and all issues of ordinary or convertible bonds;
- the drafting of any merger agreements or agreements for the sale of a business;
- the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group.

The Managing Board may carry out the following actions only with the unanimous backing of all of its members or, failing that, with the prior authorisation of the Supervisory Board:

- the purchase, sale, exchange or transfer of any and all operating real estate and businesses in transactions representing an amount in excess of the ceiling set by the Supervisory Board (currently €50 million);
- the purchase, acquisition or sale of any equity interest in any and all existing or future enterprises directly or indirectly representing an immediate or future investment, expense, debt guarantee or seller's warranty involving an amount in excess of the ceiling set by the Supervisory Board (currently €50 million);
- the signature of loan agreements, other than for bond issues, for a period or an amount in excess of the limits set by the Supervisory Board (currently €100 million).

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount exceeds a certain level. In 2012, such approval was required for individual guarantees exceeding €25 million, or when the cumulative amount of guarantees given during the year exceeded €125 million (excluding customs and tax bonds).

The Supervisory Board's internal rules also set out the following:

- Supervisory Board information procedures, practices and guidelines;

- the minimum number of Board meetings that must be held per year (currently five), as well as the procedures to be applied when holding the meetings and preparing the agenda;
- the roles and responsibilities of Supervisory Board Committees;
- the procedures for assessing the Board's performance;
- the obligations of Board members, particularly the requirement to comply with the Stock Market Code of Ethics introduced in 2010, which each Board member has signed.

Stock Market Code of Ethics

The Stock Market Code of Ethics sets out the rules on dealings by Supervisory Board members, non-voting advisers and Managing Board members in securities issued by Peugeot S.A. and/or FFP, as well as Faurecia. The Code provides for preventive measures under which Board members can trade in these securities while complying with market integrity rules.

It was updated by the Supervisory Board in 2012, mainly to take account of the changes introduced in Act 2010-1249 of 22 October 2010 on banking and financial regulation. It was also extended to cover members of the Executive Committee.

In particular, the people concerned by the Code are now prohibited from carrying out any hedging transactions on the Group's securities, including through the use of options.

Operating Procedures

Supervisory Board meetings are prepared as follows. Two weeks before the date of meeting, Board members receive the agenda of the forthcoming meeting and the draft minutes of the previous meeting.

In addition to these minutes, each member's information pack contains the presentations to be given for each agenda item, the minutes of the meetings of the Board Committees and, where the meeting involves examining a quarterly business review, the Report of the Managing Board. The pack also contains the updated agenda for the meetings of the Supervisory Board and the Board Committees, an update of the "blackout periods" during which Board members are prohibited from trading in the Company's securities (as specified in the Stock Market Code of Ethics), press articles that have been published about the Group since the last Board meeting, and any external financial analyses that have been released. The pack is sent to members at the end of the week preceding the planned meeting. A copy of the pack is usually also provided in the meeting itself.

Members of the Managing Board attend Supervisory Board meetings for matters which concern them and the Statutory Auditors attend the meetings where the annual and interim financial statements are examined.

The agenda for each year's meetings is prepared in April of the preceding year. Ordinary Supervisory Board meetings are generally preceded by meetings of the Finance and Audit Committee.

Each Ordinary Supervisory Board meeting lasts at least four hours, but may be longer when required by the agenda. Moreover, the Chairman of the Board may call special meetings where necessary.

Assessment of the Board's Performance

The Supervisory Board's internal rules require the Board *"to perform a regular self-assessment of its operating and control procedures"*.

In February 2012, the work of the Supervisory Board and the work performed by its Committees underwent its annual evaluation, which is based on an individual questionnaire completed by each Board member. The key issues addressed by the questionnaire were: (i) Board membership, (ii) quality of Board meetings, (iii) Board Committees, (iv) understanding of the Group.

The suggestions for improvement made by Board members in 2012 were consolidated into the following indicators for tracking and implementation purposes:

- identification of a number of core issues to be addressed on a regular basis (changes in automotive technologies and the competitive landscape, corporate social responsibility, ethics, etc.);
- measures intended to facilitate an understanding of the Group's business performance;
- changes in the organisation of the Board meetings;
- improvement in document transmission times, and more generally in the quality of the information provided;
- discussions on the membership of the Finance and Audit Committee.

Among the steps taken in 2012 in response to this assessment were (i) the increased frequency of presentations on marketing performance, on the basis of consistent, appropriate comparison criteria, and on vehicle and sub-assembly projects, (ii) a change in the format of Board meetings and (iii) the introduction of an orientation programme for new members.

1.2.2. Supervisory Board Meetings in 2012

The Supervisory Board met thirteen times in 2012, compared with six times in 2011. The average attendance rate was 96%.

The meetings considered the following items, among others:

5 February:

- movement towards a strategic alliance with another carmaker;
- change in the financial rating;
- 2012–2015 medium-term plan;

14 February:

- consolidated and individual statutory financial statements of Peugeot S.A. for 2011 (attended by the Statutory Auditors);
- 2012 action plan (cost-reduction plan and control of capital expenditures in the Automotive Division);
- alliance with General Motors (GM);
- real estate asset disposal plan;
- opening of the capital of GEFCO,
- authorisation to issue bonds under the Euro Medium Term Note programme;
- authorisation to give guarantees for loans subscribed by subsidiaries;
- independence of the Board members;
- assessment of the Board's performance;

27 February:

- alliance with GM, authorisation to sign a Master Agreement;
- approval of a capital increase of around €1 billion with preferential subscription rights;
- authorisation to sell treasury shares to GM;

- authorisation to countersign subscription commitments;
- Management Report of the Managing Board, Registration Document;
- approval of the report of the Chairman of the Supervisory Board;

13 March:

- preparations of the Annual Shareholders' Meeting of 25 April 2012;
- Report of the Managing Board on implementation of the alliance with GM;
- appointment of members of the Managing Board: Jean-Baptiste de Chatillon, Chief Financial Officer, and Jean-Christophe Quemard, Executive Vice-President of Programmes;
- adoption of a new version of the Board's internal rules;

24 April:

- publication of quarterly revenues;
- Report of the Managing Board on implementation of the alliance with GM;
- authorisation to sell real estate assets;
- authorisation to give guarantees for loans subscribed by subsidiaries;
- results of the assessment of the Board's performance;
- appointment of two independent members to the committees (Thierry Pilenko to the Finance and Audit Committee and Dominique Reiniche to the Strategy Committee);
- re-appointment of one of the advisors (François Michelin);

5 June:

- presentation of financial guidelines by the Managing Board;

11 June:

- Group position in anticipation of the publication of results for the first half of 2012;
- discussions with the Managing Board on the strategic action plain aiming to restore profitability in the Automotive Division;

24 July:

- results and financial statements for the first half of 2012 (attended by the Statutory Auditors);
- authorisation to give guarantees for loans subscribed by subsidiaries;

6 September:

- update on establishment of implementation agreements for the alliance with GM;
- review of bids received for the sale of a majority equity interest in the capital of GEFCO;

17 September:

- authorisation to enter into exclusive negotiations with JSC Russian Railways (RZD") for the sale of 75% of the capital of GEFCO;
- financing of Banque PSA Finance;
- update on alliance with GM;

23 October:

- publication of quarterly revenues;
- financing of Banque PSA Finance and State guarantee;
- Report of the Managing Board on implementation of the alliance with GM;

8 November:

- financing of Banque PSA Finance;

18 December:

- report of the Managing Board on implementation of the alliance with GM, authorisation to sign Master Agreement implementation contracts;
- 2013 budget, medium-term plan;
- renewal of the annual authorisation to give guarantees [1];
- review of the policy on gender equality and equal pay;
- authorisation to issue a guarantee in the framework of a trade receivables disposal programme;
- co-optation of a new member to the Board.

A long-term strategy meeting was also held on 6 June 2013 and was attended by all members of the Board.

1.2.3. Supervisory Board Committees

The Supervisory Board is supported by the preparatory work performed by four specialised committees:

- The Finance and Audit Committee;
- The Strategy Committee;
- The Appointments and Governance Committee;
- The Compensation Committee.

The role of these Committees is to prepare matters to be discussed at Supervisory Board meetings. They issue proposals, recommendations and opinions on the areas falling within their terms of reference and submit them to the Supervisory Board at its meetings.

1.2.3.1. The Finance and Audit Committee

Membership

The Finance and Audit Committee has six members: Jean-Paul Parayre (Chairman), Marc Friedel, Pamela Knapp, Robert Peugeot, Thierry Pilenko and Marie-Hélène Roncoroni.

Members attend meetings in their own name and may not be represented by another party.

Three of its members – Jean-Paul Parayre (Chairman), Pamela Knapp and Thierry Pilenko – are classified as independent in accordance with the criteria applied by the Group.

The Board considers that Pamela Knapp's experience as Chief Financial Officer first of the Siemens AG Group and then of the GfK SE Group have given her specific expertise in financial and accounting matters in accordance with legal requirements.

In addition, the Committee's Chairman, Jean-Paul Parayre, has the accounting and financial expertise required to hold this position, acquired during his service within various French ministers' offices and as a senior executive in major French groups.

Marie-Hélène Roncoroni, who represents the Company's main shareholder, has specific knowledge in financial and accounting matters, and worked for seven years in the Group's Finance Department.

Roles and Responsibilities

In accordance with Article L. 823-19 of the French Commercial Code and its internal rules, the Finance and Audit Committee oversees the following matters:

- preparation of financial information;

(1) In an aggregate amount of €125 million and a maximum amount per guarantee of €25 million (except for tax and customs bonds, for which there is no maximum limit). This authorisation is valid from 1 January 2013 to 31 December 2013.

- effectiveness of the internal control and risk management systems;
- statutory audit of the Company's annual financial statements and the Group's consolidated financial statements;
- independence of the Statutory Auditors.

The Committee conducts its work on the basis of the Report of the Working Group on Audit Committees published by the AMF on 22 July 2010.

It is, in particular, responsible for overseeing the selection procedure for renewing the Statutory Auditors.

It is also responsible for informing the Board of its opinion on off-balance sheet commitments and any project requiring prior approval by the Board, notably corporate actions.

As part of the formalisation of its opinion on the quality of the internal control systems, the Committee examines the Internal Audit plan for the coming year and is informed of the findings of the audits performed by the Audit and Risk Management Department in implementing the plan.

The Committee, which enjoys free access to all the information it needs, can meet with the Executive Vice-President of Audit and Risk Management and with the Statutory Auditors, with or without the presence of Managing Board members.

Finance and Audit Committee Meetings in 2012

The Finance and Audit Committee met 12 times in 2012, with a 97% attendance rate.

At its meeting of 3 February, it considered the Group's 2012 budget, strategic outlook and financing strategy.

At its meeting of 10 February, the Committee reviewed the consolidated and individual statutory financial statements for 2011, which the Committee members had discussed with the Statutory Auditors.

At its meeting of 26 February, the Committee examined in detail all the components of the proposed alliance with GM, the proposed capital increase, the asset disposal plan and the draft Registration Document. In particular, it took note of the Managing Board's recommendation that the Company not distribute a dividend for 2011.

The meeting of 12 March gave the Committee an opportunity to review the summary of the work performed under the 2011 Audit Plan, the map of the "Top Group Risks" (as defined in section 2.4.1. below) and the 2012 Audit Plan. It noted, in particular, that the Group has strengthened its fraud prevention and confidentiality of information system. During the meeting, the Committee asked about the conditions under which the capital increase and proposed bond issue would be carried out.

The Committee met on 2 and 23 April to review, in particular, first-quarter results and the related communications, the impacts of the recommendations of the Strategy Committee, and the conditions for the implementation of the asset disposal plan.

On 16 June and 9 July, the Committee's work focused on the financial position of the Group and of Banque PSA Finance and on the outlook for improving the Group's profitability by 2015.

At its 23 July meeting, also attended by the Statutory Auditors, it reviewed the interim financial statements.

The 15 September meeting was dedicated to examining the procedure for selling a majority equity interest in the capital of GEFCO, and the 22 October meeting to third-quarter results, the corresponding communication and the financing of Banque PSA Finance.

At its 17 December meeting, the Committee reviewed the draft implementation contracts for the Master Agreement with GM, the financing of Banque PSA Finance, cash management in 2012, and the 2013 budget. It also reviewed the summary of the work performed under the 2012 Audit Plan, the map of the "Top Group Risks" (as defined in section 2.4.1. below) and the 2013 Audit Plan.

1.2.3.2. The Strategy Committee

Membership

The Strategy Committee has eight members: Robert Peugeot (Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Henri Philippe Reichstul, Dominique Reiniche, Ernest-Antoine Seillière and Jean-Louis Silvant.

Members attend meetings in their own name and may not be represented by another party.

Five of its members - Jean-Paul Parayre, Henri Philippe Reichstul, Dominique Reiniche, Ernest-Antoine Seillière and Jean-Louis Silvant - are classified as independent in accordance with the criteria applied by the Group.

Roles and Responsibilities

The role of the Strategy Committee is to examine the Group's long-term future, reflect on potential avenues of growth and give its opinion on the Group's broad strategic vision.

In this respect, it makes recommendations on the long-term strategic plans and the medium-term plan presented by the Managing Board.

The Strategy Committee examines all major projects from their outset and is kept informed of the projects' terms and conditions (particularly their financial structure), as well as of any changes and developments.

In particular, the Committee meets to discuss any project that falls within the scope of Article 9 of the Company's bylaws, whereby the Supervisory Board must approve in advance "*the signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A. and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group*".

Finance and Audit Committee Meetings in 2012

The Strategy Committee met five times in 2012, with a 97% attendance rate.

During the year, the Committee was primarily focused on preparing and developing the strategic alliance with GM. In addition to the alliance, the Committee's work also concerned the Medium-Term Plan and its budget (meetings of 23 January, 19 April, 25 September and 6 November), assumptions for trends in the automotive market (25 September), and a review of the product plan under the 2013 cash flow plan (14 December).

In June, the long-term strategy meeting focused specifically on brand strategy, improved competitiveness, and a review of the strategy implemented in Asia, Latin America and Russia.

1.2.3.3. The Appointments and Governance Committee

Membership

The Appointments and Governance Committee has six members: Jean-Philippe Peugeot (Chairman), Thierry Peugeot, Robert Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Jean-Louis Silvant.

Members attend meetings in their own name and may not be represented by another party.

Three of its members - Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Jean-Louis Silvant - are classified as independent in accordance with the criteria applied by the Group.

Roles and Responsibilities

The Appointments and Governance Committee prepares Supervisory Board discussions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organising the selection process, recommending candidates for appointment or re-appointment, and monitoring succession plans for members of the Managing Board.

It is kept informed of the succession plans for certain key executives.

It tracks changes in French and European legislation concerning the governance of companies whose shares are traded on a regulated market, as well as all of the recommendations issued by market regulators and representatives of listed companies. It also submits opinions or recommendations to the Supervisory Board concerning governance issues.

The Appointments and Governance Committee is committed to increasing the percentage of women members, in accordance with new legal requirements on gender balance (Act 2011-103 of 27 January 2011) and based on the guidelines set out in the AFEP/MEDEF Corporate Governance Code. It also applies a selection policy aimed at increasing international representation on and diversifying the capabilities of the entire Board.

Finance and Audit Committee Meetings in 2012

The Appointments and Governance Committee met 13 times in 2012, with a 99% attendance rate.

At its 9 February meeting, the Committee made recommendations on the draft resolutions for the Annual Shareholders' Meeting concerning the appointment of two new members and amendments to the Bylaws regarding Board membership and the length of members' terms of office. At this meeting, the Committee also assessed the independence of the Board members according to the criteria applied by the Group. It also began preliminary work in anticipation of the expiration in June 2013 of the terms of the Managing Board members and reviewed the Board assessment process.

On 8 March, after analysing the Group's strategic and operational challenges, the Committee proposed the appointment of Jean-Baptiste de Chatillon and Jean-Christophe Quemard to the Managing Board. It then issued a favourable opinion on the new version of the Board's internal rules.

The meeting of 19 April was devoted to the results of the Board assessment and to the follow-up to be performed. At this meeting, the Committee recommended the appointment of Dominique Reiniche and Thierry Pilenko to the Board Committees, subject to their appointment by the Annual Shareholders' Meeting. It also discussed the organisation of the Managing Board and target management under the alliance with GM.

At the 18 June, 19 July, 17 September and 4 October meetings, the Committee examined the way information flows between the operational teams and the Supervisory Board, the organisation of the Group's management, the executive succession plans and the blueprint for a survey on employee relations within the Company.

At its 18 and 22 October meetings, the Committee considered the governance commitments that could be made to the French government in exchange for its guarantee, and worked on the assessment of the Board's performance.

The Committee also reviewed the impact of the appointment of a lead member to the Board at its meetings of 7, 15 and 26 November.

On 13 December, the Committee reviewed notably the report comparing the general working and training conditions for men and women within the Company, the process for co-opting Louis Gallois to the Board and the procedures for the Annual Shareholders' Meeting to appoint an employee representative to the Board.

1.2.3.4. The Compensation Committee

Membership

The Compensation Committee has six members: Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph Toot Jr.

Four of its members - Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph Toot Jr. - are classified as independent in accordance with the criteria applied by the Group.

Roles and Responsibilities

This Committee prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the:

- members of the Supervisory Board (Board and Committees);
- Chairman and Vice-Chairmen of the Supervisory Board;
- Chairman and other members of the Managing Board.

To fulfil these responsibilities, the Committee stays informed of French and European regulations on executive compensation in listed companies, all market recommendations and practices, levels and forms of compensation of senior executives who are not on the Managing Board, as well as the Managing Board policies for reviewing and updating these compensation packages.

Finance and Audit Committee Meetings in 2012

The Compensation Committee met five times in 2012, with a 97% attendance rate.

At its meetings of 31 January and 9 February, the Committee discussed bonuses for the members of the Managing Board for 2011 and the extent to which they met their objectives. It noted that the members of the Managing Board waived all their bonuses for 2011 and that the Chairman of the Board decided to forego the increase in his compensation that had been decided on in February 2011. The Committee also drafted proposals for the Board relating to the 2012 objectives, as well as the level and structure of the variable portion of compensation for the members of the Managing Board.

The meeting of 8 March addressed the possibility of introducing a long-term incentive plan and the amendment of the Board's internal rules. It endorsed the draft resolution for the Annual Shareholders' Meeting concerning performance shares, and rejected the draft resolution concerning stock options.

On 19 April, the Committee discussed all aspects of the compensation of Jean-Baptiste de Chatillon and Jean-Christophe Quemard and their individual objectives.

At its 13 December meeting, it considered the allocation of attendance fees within the Board.

1.3. ADOPTION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

As stated in section 16.4 above, the Company has adopted the AFEP-MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Managing Board and Supervisory Board.

The table below summarises the recommendations of the AFEP-MEDEF Code which the Company does not apply due to the specific features of its legal structure and operating methods or those of the automotive industry.

Relevant recommendation	Explanation
Independence of the Supervisory Board members	The Supervisory Board applies all of the independence criteria recommended in the AFEP/MEDEF Code, with the following two exceptions: • Not being a Director or Supervisory Board member of the corporation for more than twelve years: specific features of the automotive industry. Please refer to section 1.1.1 above for more details; • Not holding a directorship or equivalent position in another Group company in the past five years: the Board considers that the fact of having recently been a Director of another Group company does not give rise to any risk of the type of conflict of interest that the AFEP-MEDEF independence rules are designed to avoid. Please refer to section 1.1.1 above for more details.
Proportion of independent members on the Finance and Audit Committee	50% of members are independent compared with the Code's recommendation of at least two thirds. The reason for the shortfall is the presence on the Board of representatives of the Group's reference shareholder, the Peugeot family.
Term of office of Supervisory Board members	Members of the Supervisory Board have been elected for a term of four years since the Annual Shareholders' Meeting of 25 April 2012. However, members already serving on the Board on the date of the 2012 Shareholders' Meeting are elected for a term of six years.
Having a variable component of attendance fees based on actual attendance	Introducing a variable component of attendance fees based on actual attendance does not seem warranted, given that: • the attendance rate at Supervisory Board meetings was 96% in 2012; • attendance rates at the various Committee meetings were close to 100% in 2012, as in 2011; • the Chairman of the Supervisory Board frequently consults Board members on issues outside of scheduled meetings, and likewise, Board members regularly take the initiative of informing the Chairman of their opinions and recommendations.

1.4. SUPERVISORY BOARD AND MANAGING BOARD COMPENSATION POLICIES

This report sets out the principles and rules established by the Supervisory Board to determine the compensation and benefits granted to corporate officers. Please refer to section 15 above for detailed information on compensation and benefits.

Supervisory Board

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. This amount is allocated by the Supervisory Board among its members on an annual basis.

Managing Board

Employment contract/corporate office

No member of the Managing Board is a salaried employee of the Group. It should be noted that the employment contracts of Jean-Baptiste de Chatillon and Jean-Christophe Quemard were suspended when they were appointed. This suspension was justified by the considerable seniority they had acquired as employees.

Managing Board Compensation

All Supervisory Board discussions on compensation are prepared by the Compensation Committee.

- In 2012, the Supervisory Board decided that the base salary paid to Managing Board members will be revised mid-term.
- At the beginning of the year, the Supervisory Board determines the amount of the incentive bonus based on how well each member met his or her assigned objectives over the year.
- For 2012, the incentive bonus payable to the Chairman of the Managing Board may represent up to 150% of his base salary, including 90% based on the achievement of targets set for the Managing Board, 40% for the achievement of personal targets and 20% at the discretion of the Supervisory Board based on his overall performance in managing the Group. The incentive bonus payable to other members of the Managing Board may represent up to 110% of their base salary, including 75% based on targets for the Managing Board as a whole, 25% based on personal targets and 10% at the discretion of the Supervisory Board.
- At the same meeting, the Supervisory Board sets objectives for each Managing Board member for the current year. These objectives – quantified and qualified on the basis of pre-defined criteria – comprise targets set for all members of the Managing Board and specific performance-related targets based on each member's individual executive duties.
- The Supervisory Board may also decide to grant stock options or performance shares to Managing Board members further to an authorisation granted by shareholders. The Supervisory Board determines the lock-up rules that will apply to the shares in accordance with the law.

1.5. ATTENDANCE AT PEUGEOT S.A. SHAREHOLDERS MEETINGS

Any Peugeot S.A. shareholder may take part in the Company's Shareholders Meetings irrespective of the number of shares held.

Pursuant to Article 11 of the bylaws, 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. Article 11 of the bylaws specifies that corporate shareholders shall be represented at Shareholders' Meetings by their legal representative or any other designated person. It does not set out any other specific formalities for attendance.

Shareholders are advised to obtain an entrance card before the meeting to facilitate their admission. On the day of the meeting shareholders will be asked to provide evidence that they are shareholders of record during the registration process.

A single mail or proxy voting form will be sent to all holders of registered shares before the meeting. Holders of bearer shares wishing to vote by mail or by proxy may obtain the necessary forms from their bank or broker.

In accordance with Article R. 225-79 of the French Commercial Code, shareholders may appoint or revoke a proxy (name, first name and address) online at psa-ag-mandataire@mpsa.com, no less than three days before the date of the meeting.

The formalities for attending the Shareholders Meeting to be held on 24 April 2013 will be set out in the Notice of meeting published at least thirty-five days before the date of the meeting in the *Bulletin d'Annonces Légales Obligatoires* and on the Group's website.

1.6. DISCLOSURE OF INFORMATION THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER FOR THE COMPANY'S SHARES

This information is provided in this Registration Document as part of the disclosures required under Article L. 225-100-3 of the French Commercial Code (see sections 18 and 21.1).

2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

2.1. OBJECTIVES OF THE PSA PEUGEOT CITROËN INTERNAL CONTROL SYSTEM

As part of its commitment to preventing and limiting the effect of internal and external risks, risk management and internal control systems are in place to provide reasonable assurance concerning the achievement of the following objectives:

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

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

2.2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK USED BY PSA PEUGEOT CITROËN

The risk management and internal control system complies with and functions according to the rules of the eighth Directive on Statutory Audits, the AMF's Reference Framework for Risk Management and Internal Control Systems issued in January 2007, and the Report of the Working Group on Audit Committees published by the AMF on 22 July 2010. Banque PSA Finance has a specific system that complies with CRBF regulation 97-02 concerning the internal control systems of credit institutions.

Faurecia, whose shares are traded on a regulated market and that acts under the responsibility of its own Board of Directors, has a separate internal control system which it applies independently.

2.3. INTERNAL CONTROL PRINCIPLES

PSA Peugeot Citroën's internal control system was designed with four key goals in mind:

- to reflect the Group's strategic objectives, which are to be a global, profitable, independent company that ranks among the world's leading broadline automobile manufacturers:
  - the entire process is designed to proactively identify the risks capable of affecting the Group over the medium to long term,
  - all of the Group's companies are involved in the process, managing risks and ensuring internal control compliance in all of their operations,
  - the process focuses on action plans and outcomes, with a constant view to supporting operating efficiency,
  - the process is underpinned by compliance with applicable laws and regulations, exemplary behaviour and ethical practices, which the Group believes to be essential to responsible growth;
- to have each division manage all the risks inherent in its business through internal control processes geared to its specific challenges;
- to 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;
- to make the system auditable based on quality indicators.

2.4. PARTICIPANTS AND PROCESSES

2.4.1. At Group Level and in the Automotive Division

There is an overall set of security processes that contribute to the Group's risk management system.

- The Group's organisation and operating procedures, as defined by Senior Management, are set out in a number of reference handbooks that form a working framework applicable to everyone.

They include the Organisation Handbook and the Operating Procedures Handbook (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 of his or her day-to-day business activities.

In addition, each department has its own operating manual describing its operating procedures and processes as well as interfaces with the other departments.

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

- The risk management system is deployed Group-wide.

Each department oversees the management and control of its own risk in accordance with the corresponding Operating Procedure, by incorporating it into its current operating practices. They each identify and assess their risks, taking existing management processes in account and developing the necessary action plans to address them.

- The Audit and Risk Management Department oversees the risk management system and controls the proper application of the risk management procedures.

Each department describes its main risks, i.e. those that have the greatest impact and highest level of importance (impact x probability) and that are deemed to be inadequately managed under existing procedures, in a specific half-yearly "Top Division Risks" report submitted to the Corporate Secretary via its Audit and Risk Management Department.

To supplement this departmental view, 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.

The Executive Committee reviews the "Top Group Risks" (comprising the "Top Division Risks" and "Top Cross-Functional Risks") twice a year.

- Specific risk management and control procedures cover particular risks.

The Group's Code of Ethics was updated and expanded in 2010. It is directly available to all employees through the Intranet portal. All senior executives are required to formally accept the terms of the Code. An Ethics Committee chaired by the Corporate Secretary meets on a quarterly basis. An international network of Chief Ethics Officers deploys the process in every host country and systematically reports to the Ethics Committee any local ethical issues or breaches of compliance.

The Ethics Committee is responsible for overseeing a fraud prevention system and has tasked the Group's Security Department with managing the system, carrying out investigations, monitoring and reporting incidents.

The Security Department, which reports to the Corporate Secretary, is responsible for defining and coordinating on a global basis all actions intended to protect the employees and tangible and intangible assets of the Group (except for Faurecia) against the risks arising from malicious acts of all kinds.

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

The Management Control Department, which reports to the Chief Financial Officer, is responsible for overseeing the Group's business and financial performance and proposes annual and medium-term targets for growth, operating margin and return on capital employed to Senior Management. It oversees the process of preparing the medium-term plan and the budget guidelines. It prepares annual budgets, updated forecasts and monthly estimates in conjunction with the various business divisions in order to measure and track actual performance against targets. It controls the results of the operating departments and the Group's projects, and produces summary reports. In addition, it carries out other financial tasks, particularly for the automotive business, such as product costings, selling price control, project profitability control, financial monitoring of industrial cooperation with other automakers, negotiations for mergers, acquisitions and disposals, and drawing up formal management rules and standards.

- The Audit and Risk Management Department's control over the proper application of these risk management procedures.

The Audit and Risk Management Department, through audit missions, 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. The annual audit plan, which is defined independently, is based on the "Top Group Risks" and is subsequently submitted to Senior Management for approval and presented to the Finance and Audit Committee. The Audit and Risk Management Department is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. A total of 107 audits were carried out in 2012 across the entire Group.

- The Supervisory Board's control and oversight role.

The Finance and Audit Committee of the Supervisory Board ensures that the risk management and internal control system operates effectively. The Corporate Secretary reports to the Supervisory Board on the systems in place and their degree of maturity, as well as the risk map, with particular emphasis on risks capable of having an impact on the Company's financial and accounting information.

The Board also reviews the Internal Audit Department's organisational and operating principles, expresses an opinion on the Internal Audit plan and is informed of the findings of (i) the Internal Audits performed as part of the plan and (ii) the follow-up audits to check that departments have implemented the recommendations. As mentioned in section 1.2.3.1 above, a Finance and Audit Committee meeting dedicated exclusively to the effectiveness of the internal control and risk management systems was held in March 2012.

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.

2.4.2. Banque PSA Finance

In line with CRBF regulation 97-02, dealing with internal control systems of credit institutions, the bank's internal control system is organised around two lines of responsibility for recurring controls and periodic controls and the first-tier controls performed by the operating units.

The fundamental principles underpinning the organisation and implementation of internal control are set out in a Banque PSA Finance internal control Charter that describes the system's organisation, resources, scope, missions and processes.

Recurring Controls

First-tier Controls, the Lynchpin of the Internal Control System.

First-tier controls are carried out in the operating units. They are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for recurring controls.

Second-tier Controls

Second-tier controls are performed by three departments and include controls concerning (i) compliance, (ii) operational risks of the finance companies, including insurance entities, and headquarters, (iii) accounting processes and procedures and (iv) the finance, treasury and IT services provided by the PSA Peugeot Citroën Group on the Bank's behalf.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks. In particular, it verifies that the Bank meets its obligations concerning data protection, the prevention of money laundering and compliance of new or substantially modified products. It ensures that the required systems are put in place and organises compliance training. This unit is also responsible for regulatory oversight and ensuring that the Bank effectively incorporates regulatory changes into its business, particularly into its IT systems.

Controls over operational risks for the finance companies and headquarters include (i) recurring assessments of the effectiveness of the operational risk management systems put in place within the Bank, including for outsourced services, and (ii) specific second-tier controls. This unit is responsible for ensuring that operations staff regularly perform key first-tier controls on risks classified as major.

The department in charge of controlling operational risks associated with accounting, IT, refinancing and treasury processes performs recurring controls in all of these areas. In particular, it has developed a control certification system for the accounting department, whereby the finance managers of the Bank's subsidiaries and branches are required to sign a document after each accounts-closing process confirming that key controls over major accounting risks have been performed and providing the results of these controls.

These departments base their work on a risk map that sets out the main risks to which the Bank is exposed. The risk map helps to ensure the underlying strength of Banque PSA Finance's internal control system, by highlighting identified risks, potential losses that may arise from these risks, first-tier controls and the results of these controls, as well as the results of second-tier controls and any residual risk.

Risk Management Function

This regulatory unit, which reports to the Corporate Secretary, was set up in 2010 following a new *Autorité de Contrôle Prudentiel* requirement. It is responsible for measuring and overseeing all the bank's risks other than compliance risks on a consolidated basis and reports to the Banque PSA Finance's Executive Committee and Audit Committee.

The second pillar of Basel II is currently being incorporated into the Bank's risk management system.

Periodic Controls

Periodic - or third-tier - controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls.

They are performed by the Internal Auditors, based on an Internal Audit plan that provides for all of the Bank's units and processes (including those that are outsourced) to be audited at least once every three years.

Oversight by Executive Management and the Board

The internal control system is overseen by executive management and the Board, supported by various committees.

The Board of Directors verifies that the Bank's main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit Committee reviews the lessons to be learned from risk monitoring activities and from recurring and periodic controls. It meets at least four times a year.

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. In carrying out these duties it draws on the minutes of meetings of the Internal Control Committee, which has front-line responsibility for the operational management of the internal control system.

Organisation of Internal Control

The internal control system is built around regular first-tier controls, primarily through delegations of authority applicable to all operating units and Corporate Departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

At Group level, committees have been set up to determine and implement Bank policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- the Credit Risks Committee, which monitors changes in troubled loans and credit losses, analyses the performance of the risk selection systems, and reviews changes in Basel II rules;
- the Lending Margins Committee;
- the Products and Processes Committee;
- the Group Credit Committee, which reviews wholesale and fleet financing applications;
- the Refinancing Committee, which reviews the results of the Bank's refinancing and interest rate risk management policies;
- the IT Security Committee;
- the Compliance Committee.

2.4.3. Faurecia

In performing its duties, Faurecia's Board of Directors is supported by an Audit Committee that plays a key role in the internal control process, particularly by reviewing (a) the process used for preparing and controlling financial information, (b) the effectiveness of internal control and risk management systems, and (c) the statutory audit work on the parent company and consolidated financial statements. The Committee also conducts in-depth analyses of material financial transactions and reviews the Group's financial performance indicators.

Faurecia's internal control system is based on a set of resources, behaviours, procedures (available for consultation by all employees via the Faurecia Intranet) and actions geared to the specific features of each company and the Group as a whole. It is intended to:

- contribute to the proficient management of Faurecia's businesses, the effectiveness of its operations and the efficient use of its resources; and
- enable Faurecia to deal effectively with significant operational, financial or compliance risks.

The internal control system aims to provide reasonable assurance about the achievement of the following objectives:

- compliance with laws and regulations;
- application of the instructions and strategic guidelines issued by Senior Management and the Board of Directors;
- efficient internal processes, particularly those that help to safeguard the Company's assets;
- reliable financial reporting.

The procedures also concern programme controls designed to track the performance of contracts to supply complex equipment to automakers – in the acquisition, design and production phases – as well as financial and accounting controls intended to ensure that financial and accounting information is properly processed, thereby ensuring the Group's responsiveness.

The Internal Audit Department is responsible for overseeing the internal accounting and financial control systems and their effectiveness. It makes sure that the overall system is complete, consistent and adequate, and that procedures are followed at all times through its many audit assignments based on random sampling and investigations. In the event of a breach, it ensures that appropriate corrective plans are implemented with follow-ups at three months, six months and 12 months, and reports on the effectiveness of the internal control system. With a view to continuous progress, to spreading identified best practices worldwide and to monitoring the Group in its growth regions, the Internal Audit Department strengthened its own teams in its non-European units in 2012, in China and the United States.

2.5. PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Finance Department is responsible for defining and implementing a specific internal control system for accounting and financial matters, in addition to the risk management system described above, which also applies to it in the same way as any other department of the PSA Group.

2.5.1. Accounting and Financial Organisation

The Finance Department uses a technical and organisational framework called "Nordic", which covers accounting and consolidation standards, best accounting practices, integrated accounting standards, financial management standards, financing and cash management standards and tax-related standards. The framework is accessible to all Group employees to ensure that standards are applied uniformly. Different managers are responsible for updating specific categories of standards in line with their areas of specialisation.

The Group's accounting standards describe the accounting policies applicable to all subsidiaries, based on International Financial Reporting Standards (IFRSs) as approved by the European Union, and taking into account the accounting options selected by the Group and any standards that have been early adopted. They set out the accounting treatment and accounting entry structures for complex and/or new transactions. Specific standards are applied for Banque PSA Finance and Faurecia to reflect the specific nature of their businesses.

The guidelines on best accounting practices prepared by the Automotive Division Accounting Department are accessible by all Automotive Division employees. They help to ensure consistent application across the Group of best practices identified in terms of accounting quality and internal control.

All the Group's accounting, finance and management control units receive an annual Group reporting timetable drawn up by the Corporate Management Control Department, setting out for each monthly period the various accounting close and reporting dates, as well as the dates of performance review meetings. The Consolidation Department also prepares and sends out a standard setting out the timetable for the submission and processing of subsidiaries' consolidation packages.

The accounting and financial information systems developed and/or implemented in the Group by the Information Systems Department meet the needs expressed by users (accounting, consolidation, management control, finance, treasury). Each application is classified in terms of availability, integrity, confidentiality and traceability of information sent or produced. The classification determines the requirements in terms of access clearance (confidentiality and traceability) and business continuity and recovery plans (availability and integrity). Data archiving and backup procedures have been implemented to comply with legal requirements for keeping data and to create audit trails guaranteeing data traceability.

To uphold and improve the quality of accounting and internal control within the Group's Automotive Division, an Accounting Quality Plan has been implemented at the level of each accounting team in the relevant Departments, under the responsibility of the Chief Financial Officer. This plan comprises all internal actions taken to implement the recommendations of the internal and external auditors, as well as those of the teams themselves. A meeting is held every six months under the Chairmanship of the Group's Chief Financial Officer to monitor the Accounting Quality Plan.

2.5.2. Procedures Relating to the Preparation and Processing of Accounting and Financial Information

Published financial information comprises the consolidated financial statements of the PSA Group and the statutory financial statements of Peugeot SA, approved by the Managing Board and presented to the Supervisory Board, as well as analyses of the data included in these financial statements and press releases issued by the Group.

Monthly, half-yearly and annual results are validated jointly by the Accounting units, the Consolidation Department, the Corporate Management Control Department and the Management Control units of each division. Senior Management reviews the full set of consolidated financial statements on a monthly basis.

The consolidated financial statements are prepared by the Consolidation Department, which is also responsible for Group accounting policies. The statements are prepared in accordance with IFRSs as adopted by the European Union, and the individual statutory accounts of the Group's subsidiaries are restated to align them with IFRS, apart from Faurecia and the companies that Faurecia consolidates. The subsidiaries' accounts are prepared under the responsibility of the Accounting and Finance Departments within the various divisions (Automotive, Automotive Equipment, Transportation and Logistics, and Finance). These departments, in liaison with the operating units and the Management Control Department, ensure the accuracy of the individual statutory accounts and the consolidation packages and systematically co-validate them. The Consolidation Department produces a full set of consolidated financial statements each month, both for internal management and external reporting purposes for the half-year and full-year closings. It also prepares the individual statutory accounts and restated IFRS accounts for Peugeot S.A. It takes the work of the Statutory Auditors into account.

The accounts are consolidated by separate dedicated teams for (i) the Group as a whole, (ii) Banque PSA Finance and its subsidiaries and (iii) Faurecia. Each month, all consolidated companies send their dedicated team their detailed financial statements, including their income statement, balance sheet, cash flow statement and analyses, prepared in compliance with Group standards, for integration into the consolidated accounts. Each subsidiary is responsible for preparing regular reconciliations between their statutory equity and equity reported in the consolidation package. These reconciliations are checked by the consolidation team in order to check, in particular, that deferred taxes are properly stated. All consolidation adjustments are controlled and traced. An overall analysis of changes in the main consolidated income statement, balance sheet and cash flow statement items is communicated each month to Senior Management.

The reliability of data reported by the subsidiaries is verified by their own management control teams, the Division-level Accounting and Finance Departments and the Group Consolidation Department.

The subsidiaries' financial statements are reported via the Magnitude system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability.

Off-balance sheet commitments are identified within each Group company and reported to the consolidation team.

Asset control procedures are based on annual inventories of goods held by PSA Peugeot Citroën as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted at least once every three years. The inventories are governed by strict procedures concerning segregation of tasks and count controls to ensure that the results are reliable.

Investment and financing strategies and strategies for evaluating counterparty risks arising from financial market transactions are approved by the Finance Department.

The Financial Communications Department, which reports to the Finance Department, is responsible for relations with investors and the financial markets authorities. It coordinates the work done by the various Group entities on preparing the annual Registration Document and ensures that the timetable for its preparation and publication is met, in conjunction with the Statutory Auditors. The Management Control Department is responsible for drawing up and presenting summary data used to analyse results and provide forecasts.

2.6. PROCEDURES FOR THE PREPARATION OF THIS REPORT

This report was based on the following main procedures:

- identifying all existing practices within the Group operating units and departments concerning procedures, risk analyses and regular updates to those procedures and analyses;
- verifying that Group internal control procedures and processes comply with the general principles of the AMF's Reference Framework for Risk Management and Internal Control Systems;
- obtaining assurance at the level of the Finance Department – with input from the accounting, consolidation, financial communications and management control teams – that processes for the preparation and approval of the consolidated financial statements fulfil the quality criteria defined for each operational category in the application guide included in the above-mentioned Reference Framework.

16.5.2. STATUTORY AUDITORS REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF PEUGEOT S.A.

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Peugeot S.A., and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report on the report prepared by the Chairman of the Supervisory Board of your company in accordance with article L. 225-68 of the French Commercial Code for the year ended December 31, 2012.

It is the chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the company and to provide the other information required by article L. 225-68 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by article L. 225-68 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's Report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's Report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's Report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L. 225-68 of the French Commercial Code (*Code de commerce*).

Other informations

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by article L. 225- 68 of the French Commercial Code (*Code de commerce*).

Courbevoie and Paris-La Défense, March 18, 2013

The Statutory Auditors

French original signed by

Mazars		**Ernst & Young et Autres**	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

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EMPLOYEES

PSA Peugeot Citroën, a leading player in the European and global automobile industry, is operating under extremely difficult economic conditions in its principal markets. Against this backdrop, the Group immediately took measures to prevent impacts on employment, support employees through the change process, and lay the groundwork for a recovery. Its priorities in 2012 were twofold: ensure social cohesion through an extremely active social dialogue focused on responsible, innovative solutions, and mobilise and support the Company's human resources to meet their collective and individual challenges.

The PSA Peugeot Citroën Group believes that what sets it apart are its human capital and the quality of its employee relations. These factors are essential to the Group's recovery and long-term international growth. The men and women whose dedication ensures its success every day are central to its commitment.

HUMAN RESOURCES DEVELOPMENT POLICY

The Group's HR vision is encapsulated in the following motto: "people-driven Group performance".

The aim is to develop the four values the Company has identified and widely disseminated:

- respect;
- responsibility;
- boldness;
- continuous improvement.

The Group's HR professionals are also guided by four priorities:

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

The Group has defined a number of policies, notably with respect to HR development and employee relations, health, and safety.

More specifically, the human resources development policy, which was expanded in 2010 and implemented worldwide, comprises seven core principles:

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

SUPPORT MEASURES FOR TRANSFORMATION PROJECTS

Committed to ensuring the smooth deployment of major transformations and changes in both the manufacturing and technological sides of the business, measures are systematically undertaken by PSA Peugeot Citroën to support its employees. A structured programme is implemented for each transformation project to analyse the impacts and consequences and prepare these support measures.

The Group has responded to the unprecedented decline in automobile demand by implementing a plan to align its skills base with its needs. This plan was presented to the Central Works Council in December 2011 in accordance with its commitment to responsibility and to ensure that all employees receive individual support. This support plan, consistent with the 2010 Agreement "on the New Jobs and Capabilities Dynamic", included internal and external measures and launched the innovative "Top Competences" programme. The response to the programme was overwhelmingly positive, enabling it to meet its main objectives for 2012.

On 25 July 2012, a plan to reorganise the production base and reduce the workforce at PCA France was presented to the Central Works Council. These measures, which will contribute to the Group's recovery, include ceasing production at the Aulnay plant and revitalising the site, as well as adjusting the production facilities at Rennes, ahead of any future investments. In addition, the alignment of the corporate organisation will continue with 3,600 voluntary departures.

During the period of consultation with employee representative organisations, the Company sought to maintain a continuous dialogue with the labour unions. It began by meeting regularly with focus groups, and subsequently entered into negotiations on issues identified by employee representatives relating to support for the different categories of personnel and the appropriate measures to be taken.

At every stage of the recovery plan, PSA Peugeot Citroën reiterates its sense of responsibility and openness to dialogue, as well as the fulfilment of its commitments.

KEY FIGURES FOR 2012

Workforce	
Number of employees	204,287
Percentage of women employees in the Group	22%
Contractual agreements (1)	
Number of agreements signed	78
Safety (1)	
Management Frequency Rate (2)	1.99
Frequency Tate (3)	1.78
Training (1)	
Number of employees taking part in at least one training course during the year	102,391 (i.e. 83%)

(1) Excluding Faurecia.

(2) Management Frequency Rate = Lost-time incident frequency rate including Group employees (excluding Faurecia) and temporary employees.

(3) Frequency Rate = Lost-time incident frequency rate for Group employees (excluding Faurecia).

GLOBAL SOCIAL REPORTING

The Group consolidates and publishes human resources management indicators with an emphasis on three aspects: transparency, completeness and quality of information. This social reporting process involves over 400 contributors from all the subsidiaries, using interactive applications to compile data, led by a central team dedicated to this process.

The employee-relations indicators published comply with Article 225 of the Grenelle 2 Act and Global Reporting Initiative recommendations. They were prepared on the basis of data from the PSA Peugeot Citroën Group's subsidiaries and controlled companies.

- the "Automotive" scope includes both the Automotive Division and SCEMM;
- the "Other Businesses" comprise the Peugeot S.A. holding company, PMTC France, PMTC Germany and PMTC Italy.

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

Changes in the scope of consolidation in 2012 were as follows:

- Sevelnord is now consolidated in "Other Businesses";
- GEFCO is no longer consolidated in the Group's employee-relations indicators.

The Registration Document includes data from Faurecia, a listed company 57.4%-owned by Peugeot S.A., in accordance with legal requirements. As Faurecia manages its business independently, it prepares and publishes its own indicators and human resources policy in its Registration Document. General information concerns the divisions of PSA Peugeot Citroën excluding Faurecia. The specific policies implemented by Faurecia are detailed in separate sections, it being noted that it manages its business independently.

Additional information to that included in this document may be found in the 2012 Sustainable Development Performance Indicators report and on the corporate website.

17.1. EMPLOYMENT POLICY

17.1.1. MANAGING JOBS RESPONSIBLY TO MEET NEW CHALLENGES

Automobile industry professions are changing to meet new economic, technological and environmental challenges. In addressing these shifts and at a time of growing globalisation and increased competitive pressures, people remain a constant concern for PSA Peugeot Citroën, reflecting its responsibility for the men and women who dedicate themselves to the Company on a daily basis.

THE JOB FAMILIES AND PROFESSIONS APPROACH

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

Job families are cross-functional skills communities that encompass all the professions focused on the same ultimate work objective. The 20 families provide a map of the Group's 113 professions and serve as the basis for skills development programmes, methods for learning these skills, qualifying career paths and their bridges between professions and job families, mobility and skills guidance.

As a guarantee of excellence, all training courses are certified by PSA Peugeot Citroën University according to a structured audit path. 40 training courses were certified by the University in 2012, bringing to 94 the number of certified professional training courses.

The job family process helps employees set career objectives and prepare for mobility, while enabling managers to provide effective support. It allows the Group to foresee strategic changes in the skills base, identify the capabilities it will need in the future and prepare transitions to help avoid dismissals or sudden changes.

The intranet portal dedicated to the job family and professions approach introduced in September 2011 was immediately successful. The 330,000 connections logged since its launch confirms that the approach is aligned with the needs of the Group's employees, helping them better understand potential career paths, key skills, bridges and the training curriculum. The portal has become an essential resource for anyone interested in the Group's professions, enabling them to effectively manage their future career development. The English version went live in October 2012.

FORWARD-LOOKING MANAGEMENT OF JOBS AND SKILLS

Proactively responding to an evolving skills base, accurately predicting the capabilities needed in the future and improving employee visibility of over-the-horizon technologies and manufacturing processes are all critical challenges for PSA Peugeot Citroën. A forward-looking view is needed to initiate effective policies for training, career development, job mobility, hiring, and jobs and skills redeployment. This approach is aligned with the Company's CSR policies.

Forward-looking management involves analysing situations with employee representatives, discussing policies deployed and considering their foreseeable impact on jobs and skills, taking three job types into consideration: occupations in high demand occupations in balance and at-risk occupations. This mapping is shared during jobs and skills observatories, Group-wide meetings of joint employee-employer bodies and in individual entities. The approach has proved its mettle in orienting employees in at-risk occupations towards more balanced occupations or occupations in high demand, offering them more opportunities.

On 9 January 2012, a conference to launch the "Top Competences" initiative was attended by HR personnel with responsibility for implementing the Group's internal mobility programme, as well as by senior executives and managers, representatives of firms associated with the programme and trade union representatives. The conference focused on sharing best practices and motivating HR professionals.

1,200 managers attended training specifically designed to facilitate them in supporting employee mobility. "Mobility advantage" training was offered to employees who expressed a need for this type of support to prepare them for job mobility and expand their career horizons.

28 Mobility and Career Development units were set up locally, each staffed by representatives of site HR departments, managers and external contractors (career and outplacement consultants). The units are tasked with advising employees on job changes, providing information on the measures on offer, as well as practical guidance to boost their career prospects.

INTERNAL MOBILITY: "TOP COMPETENCES", PRIORITY GIVEN TO EMPLOYABILITY

"Top Competences", the internal mobility plan launched in 2012, aims to respond to the twin challenges of a competitive market and skills redeployment. Given the diverse range of jobs within the Group in France, and the scarcity of applicants to fill certain positions, PSA Peugeot Citroën launched this programme to fill vacancies in-house by offering inplacement opportunities to its employees.

"Top Competences" is broader in scope than the usual redeployment opportunities in the Group and offers additional retraining opportunities. In keeping with the voluntary and anonymous basis for the operation of the Mobility and Career Development units, employees are informed about internal vacancies and jobs and skills trends through the intelligence gathered by the Employment and Skills Observatory.

In addition, technical job search skills workshops are organised with the objective of honing employees' skills in preparing job applications for inplacement and outplacement opportunities (emphasising career paths, interview preparation, etc.). More than 50 job events and 170 technical workshops were held in 2012.

A dedicated team and budget in the corporate University are allocated to the training aspects of "Top Competences". Working in close cooperation with Group divisions, the University examines training needs and coordinates the design, procurement and roll-out of courses across all entities. 1,039 people changed positions or were redeployed in 2012, aided by "Top Competence" and a programme dispensing a total of 60,000 training hours, equating to an average of 58 hours per person.

SUPPORTING JOB MOBILITY OUTSIDE THE GROUP

Some employees keen to move outside the Group will benefit specifically from measures aimed at identifying job opportunities in France by coordinating regional networks and leveraging direct contacts with local businesses. This approach focuses on the private market and is supplemented by facilitated access to local authority and public sector vacancies. These vacancies also take where employees live into account.

In addition, employment opportunities nationally are collated from partner companies who participate in the job forums organised by the Group. These "job dating" events encourage direct contacts between employees and companies, whose personnel needs are aligned most closely with our employee profiles. At the same time, employees are given the opportunity to gain insight into companies they have partial knowledge of, and to discuss vacancies directly with recruiters. In 2012, 20 job dating events took place at Peugeot Citroën Automobiles sites.

The Mobility and Career Development units are tasked with giving practical support to individual employees to successfully carry through their career moves, notably through redeployment firms. For example, practical assistance is given to start-ups or takeovers (identification of assets, labour relations and tax implications of projects, business case development and preparation of operating conditions). 1,940 PCA France employees took voluntary outplacement opportunities in 2012.

COMMITTED TO RE-INDUSTRIALISATION

PSA Peugeot Citroën pays close attention to the regions in which its sites are located. It has long nurtured contacts with local authorities and all the other components of the local economic, social and educational fabric to focus on local resources and developing the local economy. PSA Peugeot Citroën is especially committed to the automotive industry. To lead its contribution to the consolidation of the industry in France, the Group appointed four Regional Delegates in 2011 to specifically support this effort in the regions.

At a number of its oldest sites the Company is particularly vigilant about the impacts of the transformation of the industry that it is implementing. The Industrial Division hosts a structure to identify re-industrialisation projects. 2012 saw this unit actively anticipate new options for under-used or empty facilities through the creation of new industries, focusing on creating jobs that match the skills sets of the Group's employees. At the end of 2012, the portfolio of activities ready to locate to the Aulnay site represented 1,250 jobs, or 1,000 net jobs created.

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

TARGETED HIRING

In 2012, PSA Peugeot Citroën hired over 6,200 people under permanent contracts in the Group. Designed to support our strategic projects, growth in new markets and international development, these targeted hirings added skills that were not yet available internally. 1,700 people were hired to ramp up output at the Kaluga plant in Russia, and more than 1,000 were hired to beef up our sales teams in the Peugeot and Citroën retail networks, half of which are abroad.

FAURECIA: CONTRASTING ACTIVITY ACROSS GEOGRAPHICAL ZONES AND TARGETED ACQUISITIONS

Following increased motor vehicle production in 2011, Faurecia saw its activity levels rise across all geographical zones except Europe, which ended the year in sharp decline.

Over the year, employee numbers rose by 8,795 up from 72,030 at end-2011 to 80,825 at end-2012, a 12.2% rise. This rise was due to activity levels (6,619 employees) and acquisitions (2,176 employees).

Fifteen sites were affected by downsizing plans, affecting over 1,156 jobs in eight countries.

Employee trends by zone cover very different realities given the combined impact of activity levels, restructuring measures and acquisitions.

As a result, employees in Europe grew 5.9% (3.6% like-for-like), getting the full benefit of Faurecia's participation in the consolidation of a number of markets, including the acquisition of Plastal in France and the takeover of the automotive equipment business of Sora Composites, Mecaplast and Borgers.

Employee numbers in North America rose 18.9% like-for-like and 26.4% including the US acquisition of the Ford/ACH automotive interiors business in Saline. This operation is a reflection of the Group's ongoing growth in this market.

In South America, there has been significant change in employee numbers, with an overall rise of 13%, confirming Faurecia's expansion in this geographical zone.

Finally, Faurecia continues to expand in Asia, where employee numbers grew 28.2%, confirming the development potential of this market and the strong commercial momentum with automakers implanted in this zone.

ADAPTING HUMAN RESOURCES TO NEEDS AT FAURECIA

Buoyed by strong international growth, combined with the opening of new plants and a considerable number of new development programmes, Faurecia recruited in large numbers in production and programme management functions.

At the same time, in order to continue to strengthen its technological leadership, the Group hired engineers for its main research and development centres, as well as experts for each of its core competencies.

53% of new employees were assigned to production, 23% to sales, R&D and programme functions, and 24% to support functions.

Most of these new recruits were hired in emerging countries undergoing strong growth such as China (538), Mexico (205), India (111) and Brazil (48), but also in countries where the Group has an established presence – the US (626), France (324) and Germany (280) although there was a slowdown in the latter two countries in the second half.

Capitalising on the experience and expertise of engineers and managers remains a key issue for Faurecia. Despite a high recruitment rate, the percentage of vacancies filled internally stood at 47% overall in 2012. This percentage is considerably higher for senior management positions (73.6%). These results were achieved thanks to the implementation of robust succession and development plans, determined on the basis of staff reviews carried out at least once a year at all company levels (sites, divisions, business units and Group).

INDICATORS

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY DIVISION, 2010-2012 G.1a
(Consolidated Group, at 31 December)

	2010	2011	2012
Automotive Division	120,880	122,879	117,374
o/w PCA	*68,503*	*70,423*	*66,804*
Banque PSA Finance	2,595	2,679	2,669
Faurecia	64,190	72,030	80,825
Other businesses	1,175	1,178	3,419
TOTAL	**188,840**	**198,766**	**204,287**

From 2011 to 2012, the number of Group employees under permanent or fixed-term contracts rose by 5,521. This rise was partly due to external growth within the Faurecia scope (2,076 employees) and to the consolidation of SevelNord (2,409 employees).

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

The balance of people hired under fixed-term contracts compared to ends of contracts is globally positive, at 381 of which 699 outside France.

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY REGION G.1d
(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	2012	76,136	28,596	12,642	117,374
	2011	81,324	28,822	12,733	122,879
	2010	79,592	29,766	11,507	120,865
o/w PCA	*2012*	*66,804*	*0*	*0*	*66,804*
	2011	*70,423*	*0*	*0*	*70,423*
	2010	*68,503*	*0*	*0*	*68,503*
Banque PSA Finance	2012	829	1,719	121	2,669
	2011	824	1,687	168	2,679
	2010	831	1,638	128	2,597
Faurecia	2012	13,136	33,271	34,418	80,825
	2011	12,557	31,331	28,142	72,030
	2010	12,772	29,513	21,904	64,189
Other businesses	2012	3,378	41	0	3,419
	2011	**1,136**	42	**0**	1,178
	2010	1,135	41	0	1,176
TOTAL	**2012**	**93,479**	**63,627**	**47,181**	**204,287**
	2011	95,841	61,882	41,043	198,766
	2010	94,330	60,958	33,539	188,827

Today, 54% of employees work outside France, of which 31% in other European countries and 23% in the rest of the world.

EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY CATEGORY
(Consolidated Group, at 31 December 2012)

	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	65,506	29,727	22,141	117,374
o/w PCA	*38,205*	*13,439*	*15,160*	*66,804*
Banque PSA Finance	0	1,875	794	2,669
Faurecia	53,389	12,823	14,613	80,825
Other businesses	2,249	641	529	3,419
TOTAL	**121,144**	**45,066**	**38,077**	**204,287**

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY CATEGORY AND BY REGION G.1d
(Consolidated Group, at 31 December 2012)

	France			Rest of Europe			Rest of the world			Total		
	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers
Automotive Division	42,372	17,866	15,898	16,138	8,559	3,899	6,996	3,302	2,344	65,506	29,727	22,141
o/w PCA	*38,205*	*13,439*	*15,160*	*0*	*0*	*0*	*0*	*0*	*0*	*38,205*	*13,439*	*15,160*
Banque PSA Finance	0	490	339	0	1,335	384	0	50	71	0	1,875	794
Faurecia	7,080	2,667	3,389	22,701	5,866	4,704	23,608	4,290	6,520	53,389	12,823	14,613
Other businesses	2,249	607	522	0	34	7	0	0	0	2,249	641	529
TOTAL	**51,701**	**21,630**	**20,148**	**38,839**	**15,794**	**8,994**	**30,604**	**7,642**	**8,935**	**121,144**	**45,066**	**38,077**

- The manager category includes engineers and managers with a job description similar to managers in France.
- TAM is the French acronym for technicians and supervisors.

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND DIVISION G.1b
(Consolidated Group, at 31 December 2012)

	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	13,222	62,914	6,438	22,158	1,878	10,764	21,538	95,836
o/w PCA	*11,713*	*55,091*	*0*	*0*	*0*	*0*	*11,713*	*55,091*
Banque PSA Finance	485	344	890	829	48	73	1,423	1,246
Faurecia	3,024	10,112	8,393	24,878	10,040	24,378	21,457	59,368
Other businesses	558	2,820	12	29	0	0	570	2,849
TOTAL	**17,289**	**76,190**	**15,733**	**47,894**	**11,966**	**35,215**	**44,988**	**159,299**

EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER G.1c G.15
(Consolidated Group, at 31 December 2012)

	20-29		30-39		40-49		≥ 50		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	3,495	12,807	7,373	29,046	5,568	26,925	5,102	27,058	21,538	95,836
o/w PCA	*1,207*	*4,242*	*3,379*	*15,148*	*3,360*	*17,619*	*3,767*	*18,082*	11,713	55,091
Banque PSA Finance	323	165	483	385	349	382	268	314	1,423	1,246
Faurecia	6,697	17,627	6,885	17,909	4,986	14,483	2,889	9,349	21,457	59,368
Other businesses	57	121	118	546	196	1,422	199	760	570	2,849
TOTAL	**10,572**	**30,720**	**14,859**	**47,886**	**11,099**	**43,212**	**8,458**	**37,481**	**44,988**	**159,299**

SEPARATIONS G.2b

SEPARATIONS OF EMPLOYEES UNDER PERMANENT CONTRACTS BY REGION
(Consolidated Group, at 31 December 2012)

Automotive division	France	Rest of Europe	Rest of the world	Total
Resignations	1,298	1,149	579	3,026
o/w PCA	*968*	*0*	*0*	*968*
Dismissals	549	528	777	1,854
o/w PCA	*370*	*0*	*0*	*370*
Redundancies	1,811	450	0	2,261
o/w PCA	*1,259*	*0*	*0*	*1,259*
Retirement, death or other	1,095	1,322	87	2,504
o/w PCA	*770*	*0*	*0*	*770*
TOTAL	**4,753**	**3,449**	**1,443**	**9,645**
Separation rate, Automobile	4.2%	3.1%	1.3%	**8.6%**
o/w PCA Separation rate	*5.1%*	*0%*	*0%*	***5.1%***

Banque PSA Finance	France	Rest of Europe	Rest of the world	Total
Resignations	17	56	0	73
Dismissals	12	11	2	25
Redundancies	0	12	0	12
Retirement, death or other	16	25	0	41
TOTAL	**45**	**104**	**2**	**151**
Separation rate	1.8%	4.3%	0.1%	**6.2%**

Faurecia	France	Rest of Europe	Rest of the world	Total
Resignations	167	1,272	2,434	3,873
Dismissals	249	789	3,464	4,502
Redundancies	238	270	123	631
Retirement, death or other	98	185	68	351
TOTAL	**752**	**2,516**	**6,089**	**9,357**
Separation rate	1%	3.5%	8.4%	**12.9%**

Other businesses	France	Rest of Europe	Rest of the world	Total
Resignations	81	6	0	87
Dismissals	24	0	0	24
Redundancies	13	0	0	13
Retirement, death or other	33	0	0	33
TOTAL	**151**	**6**	**0**	**157**
Separation rate	4.6%	0.2%	0%	4.8%

In 2012, the Group recorded 19,310 separations. This gives a separation rate of 10%.

The separation rate is calculated by dividing the total number of separations during the year involving employees under permanent contracts (through resignations, redundancies, dismissals, retirement, deaths and other attrition) by the total number of employees under permanent contracts at 31 December 2012.

HIRINGS G.2a

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS
(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2012**	**1,139**	**3,705**	**1,234**	**6,078**
	2011	4,739	2,050	2,087	8,876
	2010	2,660	1,605	2,110	6,375
o/w PCA	*2012*	*552*	*0*	*0*	*552*
	2011	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A
BANQUE PSA FINANCE	**2012**	**48**	**104**	**21**	**173**
	2011	60	167	43	270
	2010	60	180	20	260
Faurecia	**2012**	**1,328**	**4,561**	**11,220**	**17,109**
	2011	490	3,198	9,369	13,057
	2010	195	2,230	6,440	8,865
Other businesses	**2012**	**17**	**4**	**0**	**21**
	2011	38	5	0	43
	2010	30	0	0	30
TOTAL	**2012**	**2,532**	**8,374**	**12,475**	**23,381**
	2011	5,327	5,420	11,499	22,246
	2010	2,945	4,015	8,570	15,530

EMPLOYEES HIRED UNDER PERMANENT CONTRACTS BY CATEGORY
(Consolidated Group, at 31 December 2012)

	France			Rest of Europe			Rest of the world			Total		
	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers	Operators and administrative employees	Technicians and supervisors	Managers
Automotive Division	564	344	231	2,950	591	162	774	308	154	4,288	1,243	547
o/w PCA	*259*	*75*	*218*	*0*	*0*	*0*	*0*	*0*	*0*	*259*	*75*	*218*
Banque PSA Finance	0	40	8	0	84	19	0	7	15	0	131	42
Faurecia	620	297	411	3,371	646	544	8,202	1,088	1,930	12,193	2,031	2,885
Other businesses	0	4	13	0	4	0	0	0	0	0	8	13
TOTAL	**1,184**	**685**	**663**	**6,321**	**1,325**	**725**	**8,976**	**1,403**	**2,099**	**16,481**	**3,413**	**3,487**

EMPLOYEES HIRED UNDER FIXED-TERM CONTRACTS
(Consolidated Group, at 31 December 2012)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	**1,015**	**1,801**	**123**	**2,939**
o/w PCA	*863*	*0*	*0*	*863*
Banque PSA Finance	63	122	9	194
Faurecia	424	3,067	8,590	12,081
Other businesses	**11**	**0**	**0**	**11**
TOTAL	**1,513**	**4,990**	**8,722**	**15,225**

17.1.2. ORGANIZATION OF WORKING HOURS G.4

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

MEASURES TO PRESERVE JOBS AND ADJUST TO VARIATIONS IN ACTIVITY

As an alternative to unemployment and redundancies, short-time work enabled the Group to maintain jobs in 2012 despite the recession in the European automobile market while continuing to develop employee skills and prepare for the future.

Local agreements signed with the French government guarantee payment of 75% of an employee's gross salary for unworked days (equivalent to around 95% of net salary over a month). Individuals who volunteer for the scheme can take training during the unworked periods to develop their skills and knowledge and receive a training benefit to maintain full pay during these short-time periods.

SHORT-TIME WORKING
(Consolidated Group, at 31 December)

		Total
Automotive Division	**2012**	**7,093,162**
	2011	2,656,547
	2010	1,737,650
o/w PCA	*2012*	*5,313,938*
	2011	*N/A*
	2010	*N/A*
Banque PSA Finance	**2012**	**208**
	2011	0
	2010	20
Faurecia	**2012**	**1,328,034**
	2011	N/A
	2010	N/A
Other businesses	**2012**	**15,279**
	2011	0
	2010	14,840
TOTAL	**2012**	**8,436,683**
	2011	N/A
	2010	N/A

In 2012, the Group recorded a total of 8.44 million unworked hours under short-time working systems.

OVERTIME
(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2012**	**368,951**	**697,341**	**588,819**	**1,655,111**
	2011	691,586	689,844	1,070,666	2,452,096
	2010	873,535	1,016,890	1,430,435	3,320,860
o/w PCA	*2012*	*262,978*	*0*	*0*	*262,978*
	2011	*N/A*	*N/A*	*N/A*	*N/A*
	2010	*N/A*	*N/A*	*N/A*	*N/A*
Banque PSA Finance	**2012**	**19,230**	**36,143**	**0**	**55,373**
	2011	19,415	37,455	27	56,897
	2010	20,785	30,130	0	50,915
Faurecia	**2012**	**144,366**	**1,809,622**	**7,618,538**	**9,572,526**
	2011	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A
Other businesses	**2012**	**12,176**	**0**	**0**	**12,176**
	2011	10,643	0	0	10,643
	2010	7,545	0	0	7,545
TOTAL	**2012**	**544,723**	**2,543,106**	**8,207,357**	**11,295,186**
	2011	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A

Working hours are determined on an annual or multi-year basis.

ACHIEVING A HEALTHY WORK-LIFE BALANCE

Achieving a healthy work-life balance is a top-of-mind issue and, at times, a source of stress. In response, we work with employees to devise individualised solutions.

Requests for part-time work are approved whenever possible, with individualised solutions that align employee needs with efficient team performance. Part-time schedules also take into account legal and medical considerations. Appropriate solutions are sought, including working part of a day or a half-day, reduced working hours, etc. Part-time work is chosen by employees and not dictated by the Company.

A trial was conducted in two units in France in association with employee representatives to observe the impact of telecommuting on employee well-being, working relations and operating efficiency.

A hundred or so volunteer employees tested telecommuting for one or two days a week during the first half of 2012. At the end of the period, the volunteers and their managers gave their feedback highlighting their satisfaction with this new approach to organising working hours and its conditions. The telecommuters, men and women of all ages, reported less fatigue and stress caused by transport to and from work, a positive impact on work-life balance and improved concentration and efficiency.

Given the outcomes of the trial, the trade unions and Management decided to start negotiations aimed at signing an agreement on telecommuting in 2013.

FULL-TIME EMPLOYEES

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

PART-TIME EMPLOYEES

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 schedules also take into account legal and medical considerations. These solutions include working part of a day or half-day, working a reduced number of total hours, and working every other week.

NUMBER OF PART-TIME EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS
(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2012**	**2,293**	**6,966**	**6**	**9,265**
	2011	2,180	2,800	18	4,998
	2010	2,715	2,760	10	5,485
o/w PCA	*2012*	*2,135*	*0*	*0*	*2,135*
	2011	*N/A*	*N/A*	*N/A*	*N/A*
	2010	*N/A*	*N/A*	*N/A*	*N/A*
Banque PSA Finance	**2012**	**45**	**309**	**0**	**354**
	2011	44	302	0	346
	2010	45	190	0	235
Faurecia	**2012**	**1,208**	**1,596**	**0**	**2,804**
	2011	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A
Other businesses	**2012**	**104**	**5**	**0**	**109**
	2011	66	5	0	71
	2010	65	0	0	65
TOTAL	**2012**	**3,650**	**8,876**	**6**	**12,532**
	2011	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A

As of 31 December 2012, 12,532 employees worked part-time worldwide, of which 48% were women and 52% were men.

MATERNITY, PATERNITY AND PARENTAL LEAVE

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

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

NUMBER OF EMPLOYEES ON MATERNITY, PATERNITY AND PARENTAL LEAVE BY CATEGORY
(Consolidated Group, at 31 December 2012)

	Maternity leave				Paternity leave				Parental leave			
	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	484	491	360	1,335	1,848	711	495	3,054	196	599	46	841
o/w PCA	*120*	*75*	*153*	348	*1,400*	*349*	*370*	2,119	*49*	*14*	*24*	87
Banque PSA Finance	0	65	12	77	0	10	8	18	0	42	7	49
Faurecia	541	163	192	896	734	203	300	1,237	683	187	90	960
Other businesses	2	1	7	10	45	9	8	62	2	1	1	4
TOTAL	**1,027**	**720**	**571**	**2,318**	**2,627**	**933**	**811**	**4,371**	**881**	**829**	**144**	**1,854**

ABSENTEEISM AND ITS CAUSES G.5

Paid absences other than vacation totalled 11,574,860 hours, of which 8,680,142 for sick leave, 704,461 for maternity leave, 812,810 for accident-related absences and 1,395,374 for other reasons.

In 2012, based on the 366 million hours worked, absenteeism for sickness stood at around 2.4%.

PAID ABSENCES OTHER THAN VACATION
(Consolidated Group, at 31 December 2012)

		France		Rest of Europe		Rest of the world		Total	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automotive Division	**2012**	**3,757,531**	**1,350,693**	**1,359,880**	**598,152**	**526,339**	**207,497**	**5,643,750**	**2,156,342**
	2011	3,542,970	551,324	1,360,849	683,650	976,272	835,882	5,880,091	2,070,857
	2010	3,586,680	559,245	1,540,460	830,100	452,235	248,600	5,579,375	1,637,945
o/w PCA	*2012*	*2,806,074*	*1,126,492*	*0*	*0*	*0*	*0*	*2,806,074*	*1,126,492*
	2011	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	2010	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
Banque PSA Finance	**2012**	**15,601**	**6,227**	**73,733**	**72,790**	**1,211**	**2,124**	**90,545**	**81,141**
	2011	24,003	7,606	72,053	55,855	246	2,039	96,302	65,499
	2010	28,775	12,115	85,990	45,395	85	580	114,850	58,090
Faurecia	**2012**	**583,963**	**41,546**	**1,658,180**	**145,804**	**568,350**	**452,004**	**2,810,493**	**639,354**
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other businesses	**2012**	**133,658**	**17,065**	**1,696**	**816**	**0**	**0**	**135,354**	**17,881**
	2011	60,482	5,649	1,978	308	0	0	62,460	5,957
	2010	59,400	4,285	1,275	305	0	0	60,675	4,590
TOTAL	**2012**	**4,490,753**	**1,415,531**	**3,093,489**	**817,562**	**1,095,900**	**661,625**	**8,680,142**	**2,894,718**
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

17.1.3. DEVELOPING TALENTS

PSA Peugeot Citroën employee relations and human resources policies continually adapt to changing external factors and employee expectations. Actions have tangible meaning to foster confidence. Each initiative is a shared commitment between management and employees.

17.1.3.1. MANAGING TALENT G.11a

In 2012, after an overhaul of the annual performance review worldwide, the new Talent Review system now provides a uniform, coherent view of all Group managers, technicians and supervisors. Using the existing "Career Committee" process, Group managers and HR come together between May and September to identify mobility assumptions and make a career forecast for each member of their team. This career forecast, based on an evaluation of each employee's performance and potential, is part of a medium-term career overview over seven years. This employee evaluation is then submitted to a managerial panel (the Talent Review) to identify Group "talents", plot out an in-depth career path and compile a talent pool by drawing up replacement plans. Talent Pools thus have a specific development programme and are given special attention as regards career management. As part of the Group's diversity policy, during these Talent Reviews, particular emphasis is placed on enhancing the access of women and non-French employees to managerial positions.

THE PERFORMANCE REVIEW, FOCUS ON PEOPLE G.11b

The annual performance review is an important management process and key to HR management.

Since 2011, the annual performance review at PSA Peugeot Citroën is broken down into three strands:

1. a holistic job appraisal, based on proficiency in two aspects, technical and behavioural, and annual performance objectives aligned with the entities' contract objectives;
2. objectives for the year ahead, including performance goals and improvement actions;
3. personal development prospects in the medium term, set out in an individual Personal Development Plan.

In 2012, more than 95% of our 50,000 managers and staff worldwide benefited from an annual performance review. Individual Performance Reviews are organised globally through the "Global HR career" management system.

PERCENTAGE OF EMPLOYEES HAVING A PERFORMANCE REVIEW (IN LINE WITH THE REPORTING PERIOD)
(Consolidated Group, excluding Faurecia, at 31 December 2012)

	France			Rest of Europe			Rest of the world		
	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	81%	96%	98%	0%	95%	98%	0%	97%	99%
o/w PCA	*89%*	*98%*	*98%*	-	-	-	-	-	-
Banque PSA Finance	-	99%	99%	-	99%	99%	-	100%	100%
Other businesses	71%	96%	95%	-	100%	50%	-	-	-
TOTAL	**81%**	**96%**	**83%**	**0%**	**96%**	**98%**	**0%**	**97%**	**99%**

THE NEW "GLOBAL HR CAREERS" CAREER MANAGEMENT SYSTEM

Guaranteeing equal opportunity and career development through an active and responsible internal jobs mobility strategy is a key driver of performance in the PSA Peugeot Citroën Group.

In 2012, the Group established a new career management Information System, christened "Global HR careers". More than 50,000 employees worldwide connected to the system to enter and update their CVs, including information on their language and technical skills, based on a catalogue of 330 skills collated by the Group's business lines.

The system ensures that all Group employees are given clear visibility of their career paths and skills by their line management and HR.

The cross-function database is managed by the employees themselves and will enhance global internal mobility management by the HR function, aligning Group resources with the Company's needs, as fluidly as possible.

PERSONAL DEVELOPMENT THROUGH "360-DEGREE" ASSESSMENT

In the second year of deployment and after "360-degree" assessments for Group executives and senior managers, all new senior executives benefited from the specific personal development assessment, based on "360°" feedback from a dozen or so peers (managers, team members and colleagues).

This performance appraisal tool is a customised review of eight key behavioural skills at PSA Peugeot Citroën (strategic vision, results orientation, knowledge of their environment or sector, change management, cooperation and influence, team leadership, skills development and ethical behaviour).

A network of 50 specially trained HR facilitators manage the process in-house and provide support to new senior executives in completing this personal development exercise, backed by a senior manager. On completion of the assessment, each participant draws up their own personal development plan to be implemented with their manager.

17.1.3.2. NURTURING TALENT: PSA UNIVERSITY G.11a G.12

PSA Peugeot Citroën University is responsible for instilling, in employees around the world, knowledge, working methods and soft skills aligned with the Group's values and strategic objectives. Since it was founded in April 2010, the University has introduced a variety of curricula designed to fulfil this mission by guaranteeing that employees achieve excellent proficiency in technical and managerial capabilities.

The training offered by PSA Peugeot Citroën University was adapted in 2012 to support the Group in a challenging economic environment.

Course content reflected the following three priorities: upskilling of local managers in the Group's plants (in France, Brazil, Argentina and Russia), continued development or roll-out of skills training through the "skills schools", closely aligned with needs on the ground, and support for the "Top Competences" redeployment plan. 2012 saw more than 1,000 employees benefit from the "Top Competences" programme, delivering support to make the transition to a new profession and increase their employment prospects. Personalised training courses were developed for each employee, giving an annual total of 60,000 training hours.

The two priorities for the teaching system are insourcing of training coordination whenever the skills are available in house, and the development of blended learning combining classroom-based learning and self-learning through e-learning modules.

PSA Peugeot Citroën University maintained a range of 6,858 courses suitable to meet the needs of the Company in the following areas:

- "Core" courses reflecting management's intention of sharing with as many employees as possible the behaviours and working methods needed to ensure our successful transformation. The courses are delivered globally, in all divisions from the top down.

  The rationale behind the core training courses organised since 2010 is to address two major challenges:

  - Senior Management's wish to manage change with the cooperation of all Group managers. This is reflected in the provision of training designed for managers identified as the leading channels for communicating the Group's policy and strategic guidelines to their employees. The Management College was established to meet this need and to develop training targeted at assisting Group management,
  - The dissemination of major cross-sector policies in the Group, such as responsible development particularly in relation to safety, managing psychosocial risks and diversity, English, working in multicultural environments, the skills required to meet the needs of an increasingly globalised Group and, finally, the PSA Excellence System (PES),
  - The integration of new regions into the Group's culture, resulting in the preparation of an onboarding process for new hires and the creation of programmes for international deployment;
- training related to projects in divisions: Actions in 2012 concentrated primarily on supporting the Kaluga plant start-up in Russia;
- training associated with the Group's 113 professions: working in coordination with the professional representatives, PSA Peugeot Citroën University supports formally structuring the technical skills repository and steers the preparation of the related training cycles. Certification on the basis of an audit that assesses five criteria to certify the maturity and consistency of the courses.

  The process of certifying the Group's training courses is proceeding apace: at the end of 2012, the programmes for 94 of the 113 professions in PSA Peugeot Citroën were certified;
- personal development training: PSA Peugeot Citroën University also offers personal development courses for employees. The aim of these courses is to maintain and improve employability levels. They are cross-sector in nature, rather than designed for the specific needs of a business line or profession. The training courses on offer include safety, accreditations, languages (in addition to the English which is offered as part of the core curriculum), office and IT applications, as well as speaking and communication techniques.

AN EXTENDED UNIVERSITY: STRATEGIC PARTNERSHIPS

PSA Peugeot Citroën University has joined forces with internationally reputed colleges (in engineering, business and the sciences, etc.) to attract a diverse range of talents. These partnerships are the cornerstone of its strategic relations with these world-renowned colleges. The corporate university's "extended university" approach is based on lasting relations with schools and universities, along with sponsoring of shared laboratories ("StelLabs" programmes most notably) and teaching or research chairs.

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

The automotive industry must constantly adapt to the economic, technological, environmental and social challenges facing it; therefore our partnerships, especially in research into the technologies of the future, are the main drivers of scientific dialogue between teachers and researchers in the academic community, the Group's engineers and the students of the 30 scientific or management colleges spread across three continents (Europe, Asia and America), who are currently on courses or studying to complete degrees and PhDs in these colleges or labs.

"CLIP" ACCREDITATION FOR THE UNIVERSITY

"CLIP" accreditation is the international quality benchmark for corporate learning programmes to enable comparison with best practices in the market through the "CLIP" structure and network. "CLIP" (Corporate Learning Improvement Process) is awarded for three years and is a powerful continuous improvement tool.

PSA Peugeot Citroën received official notification of its "CLIP" accreditation at the end of November 2012 from the European Foundation for Management and Development (EFMD). It became the 17th corporate university in the world to join this prestigious club.

FAURECIA'S TRAINING POLICY

For Faurecia, training is a key tool in implementing a real continuous improvement approach. Training plans are focused on improving results. Practical and in-house training courses are favoured.

The priorities defined in training plans enable the achievement of targets set for different operating units. These priorities are organised around the following topics:

- improving plant performance (safety, quality, costs and deadlines) and ensuring optimal production start-up;
- enhancing the attractiveness of customer offerings;
- increasing technological expertise in products and processes;
- improving employee skills-acquisition, encouraging the career development and improving their employability;
- developing managerial skills;
- anticipating and managing identified skills requirements over the medium term;
- reinforcing the Faurecia Excellence System culture and promoting shared work methods;
- developing people's ability to work in an international context.

In 2012, over 1.6 million hours of training was provided, a 3% increase on the previous year. 77.5% of employees took part in a training course, with an average duration of 22 hours.

FAURECIA UNIVERSITY: TRAINING AND DEVELOPING FAURECIA ENGINEERS AND MANAGERS

In 2012, "Faurecia University" organised a total of 106 training sessions, with 2,346 employees from 32 countries taking part.

"Faurecia University's" key priority is developing the skill sets of future executives, based on the Global Leadership programmes.

In addition, for key positions such as plant directors, programme managers, foremen and managers of Autonomous Production Units, technical experts and managers are given dedicated training sessions to help them fully get to grips with their role. Another focal point of the Group's training policy is strengthening business-specific expertise.

2012 saw a significant addition to "Faurecia University" training options, with five new programmes launched in response to the needs expressed by operational management: China Intercultural Awareness and Russia Intercultural Awareness, Finance Fundamentals, R&D centre managers and Global Programme Managers.

Dedicated training programmes in manufacturing, which help firmly embed the Faurecia Excellence System (FES), are focused on Group production systems and methodologies and are delivered on-site by in-house trainers.

Dedicated skills training in specific products and processes has been rolled out in a number of activities such as automotive seating and interior systems through "technical academies".

HOURS OF TRAINING
(Consolidated Group, at 31 December 2012)

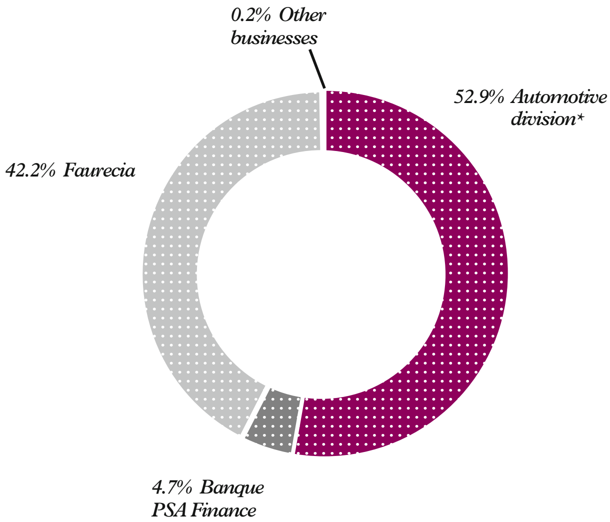
	Total hours of training *(in thousands)*			Average hours of training per employee		
	France	Rest of Europe	Rest of the world	France	Rest of Europe	Rest of the world
Automotive Division	1,374,365	850,667	233,228	18.1	29.7	18.4
o/w PCA	*1,276,900*	*0*	*0*	*19.1*	*0*	*0*
Banque PSA Finance	15,205	29,846	4,173	18.3	17.4	34.5
Faurecia	208,157	658,548	754,714	15.8	19.8	21.9
Other businesses	81,007	165	0	24	4	0
TOTAL	**1,678,734**	**1,539,226**	**992,115**	**18**	**24.2**	**21**

AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY AND GENDER G.12
(Consolidated Group, at 31 December 2012)

	Operators and administrative employees		Technicians and supervisors		Managers	
	Women	Men	Women	Men	Women	Men
Automotive Division	22	19	15	19	28	24
o/w PCA	*18*	*19*	*15*	*20*	*20*	*18*
Banque PSA Finance	0	0	5	1	1	1
Faurecia	17	16	23	27	30	30
Other businesses	18	29	9	21	16	5
AVERAGE	**19**	**18**	**17**	**21**	**29**	**29**

In 2012, almost 6,850 training courses were provided across the Group. Each employee received an average of 22 hours of training in 2012, with 161,731 employees attending at least one training course during the year. The more than 4.2 million hours of training conducted throughout the Group represented an outlay of over €56 million.

TRAINING EXPENDITURE BY DIVISION G.12
(Consolidated Group, at 31 December 2012)



** PCA accounts for 23.5% of expenditure in the Automotive Division.*

17.1.4. COMPENSATION G.3

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

Although the crisis shaking the European automotive industry forced the Group to take specific steps in 2012, it nonetheless maintained its payroll budget throughout the world. Its compensation priorities in 2012 were to safeguard spending power for the lowest earners and to award merit raises to the highest performing individuals or to reflect employee promotions or employees with an increased level of responsibility. This process is strictly monitored to prevent any discrimination.

In 2012, 20 agreements were signed with employee representatives in Austria, Belgium, France, Germany, Sweden and the United Kingdom. These agreements not only maintained employee purchasing power, but also provided for individual performance-based bonuses. They underline the Group's commitment to achieving a balanced wage policy through consensus in a challenging economic environment, while ensuring fairness and safeguarding real wages.

COMPETITIVE COMPENSATION TO REWARD PERFORMANCE

The Group continued the gradual extension of a corporate bonus system for executive managers worldwide, with the following objectives:

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

An additional 4,000 executive managers were eligible for the Group Bonus, under the corporate bonus system for management personnel, bringing to 13,000 the number eligible in 2012, or 50% of managers globally. Similar to the policy implemented in 2011 in Latin America and China, a specific corporate bonus system was also introduced in Russia.

In a bid to ensure clarity for all concerned, and therefore to boost the effectiveness of the compensation policy in improving performance, the Group also took steps to harmonise communication about the scheme sent to all managers. Group-wide meetings were organised during 2012 to present the new Corporate reference base of Group functions (its rationale and structure, as well as the methods in the Group for validating the level of executive managers' functions in all countries), and the principles of the compensation system.

In addition, exceptional bonuses were also paid in recognition of the specific challenges of some jobs. To support the Group's strategy of innovation and protection of industrial property, the bonus system for patent filing, created several years ago, was extended to other countries, and to research centre locations in particular (China and Latin America).

TOTAL PAYROLL AND DEVELOPMENTS

(Consolidated Group, excluding Faurecia, at 31 December)

DEVELOPMENTS IN TOTAL PAYROLL BY GEOGRAPHICAL ZONE AND DIVISION

(in thousands of euros)		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2012**	**4,225,516**	**1,063,984**	**480,567**	**5,769,066**
	2011	4,375,199	1,130,883	414,535	5,920,616
	2010	4,249,337	1,167,295	333,359	5,749,990
o/w PCA	*2012*	*3,780,424*	*529,506*	*388,397*	*4,698,327*
	2011	*3,886,511*	*473,106*	*376,066*	*4,735,684*
	2010	*3,776,051*	*506,626*	*297,131*	*4,578,807*
Banque PSA Finance	**2012**	**50,126**	**89,188**	**7,917**	**147,231**
	2011	49,426	85,881	6,550	141,856
	2010	47,865	81,243	5,348	134,455
Other businesses	**2012**	**81,287**	**5,694**	**0**	**86,981**
	2011	96,652	5,448	0	103,354
	2010	98,358	4,996	0	103
TOTAL	**2012**	**4,355,929**	**1,158,866**	**488,484**	**6,003,279**
	2011	4,521,277	1,222,212	421,085	6,164,574
	2010	4,395,560	1,253,534	338,707	5,987,801

In 2012, total payroll costs (excluding Faurecia) came to €4,294,197, while related payroll taxes amounted to €1,709,081.

Total compensation paid, inclusive of payroll taxes, rose by 11.3% for the Group as a whole: €2,929.9 million in 2012 compared to €2,632.7 million in 2011. At the same time, the number of employees increased by 12.2%.

FAURECIA: CHANGES IN COMPENSATION AND BENEFITS

The Group complies with the minimum wage legislation applicable in each country. In most countries, negotiations take place in relation to compensation. The Group signed 81 agreements of this type in 2012.

A system of variable compensation, based essentially on collective performance, applies in a uniform manner in all countries in which Faurecia operates. At end-2012, some 3,200 managers benefited from this, out of a total of 14,212 managers. Studies aimed at harmonising compensation practices have been carried out for engineers and managers in the main countries, in order to support the annual salary review process. The new international mobility policy was put in place on 1 January 2012.

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

(Base 100 = Consolidated Group, excluding Faurecia, in 2012)

Country	Ratio	Local statutory minimum wage
Germany	100	Local legal minimum wage
Argentina	140	Local legal minimum wage
Austria	100	Local legal minimum wage
Belgium	123	Guaranteed average minimum monthly income
Brazil	203	Local legal minimum wage
China	100	Regional minimum wage (Shanghai)
Spain	141	Local legal minimum wage
France	125	Local legal minimum wage
Italy	121	Local legal minimum wage
Netherlands	108	Local legal minimum wage (for people over 23)
Poland	125	Local legal minimum wage
Portugal	138	Local legal minimum wage
United Kingdom	100	Local legal minimum wage
Russia	407	Regional legal minimum wage
Slovakia	194	Local legal minimum wage
Switzerland	N/R	No legal minimum wage; no industry agreements
Turkey	100	Local legal minimum wage

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

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

EMPLOYEE BENEFITS: OVERALL COMPENSATION AND SOCIAL RESPONSIBILITY

Employee benefits in all host countries supplement the Group's compensation policy in an "overall remuneration" approach designed to meet the challenges of offering competitive and motivating compensation while meeting the Group's social responsibility commitments. For example, the Group is committed to providing major risks and life coverage for all employees worldwide.

In 2011, PSA Peugeot Citroën set up a worldwide partnership with an insurance company to improve healthcare, death and disability cover, in line with local practices, and optimise costs, benefiting both the Group and its employees. The partnership was maintained in 2012 and now covers all countries, outside France, where the Group has employees. A number of calls for tender were issued in 2012 for death, disability and health cover (Brazil, Czech Republic, Italy, Japan, Portugal, Russia, Slovakia, Spain, etc.) and resulted in improving policies or reducing the cost of some types of cover. Improvements were obtained for death and disability cover in Italy and Romania, for example.

A highlight of 2012 in France was the effective implementation of unique harmonised health insurance system for all employee categories, following the agreement signed with the trade unions in October 2011. The policy offers good health cover, funded by the Company for the most part. After a protracted period of preparation and providing information to employees (brochures, information meetings, on-site advice, etc.) the scheme came into effect on 1 July. The health insurance supplements the Company's death and disability cover, in place in accordance with the collective agreement of 2009, and which has also been harmonised for all employee categories.

PREPARING RETIREMENT BENEFITS FOR THE FUTURE OF EMPLOYEES

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

Managed by joint labour-management commissions, in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where these schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the foreseeable drop in replacement rates, as well as to harmonize retirement benefits across subsidiaries in each country.

GIVING EMPLOYEES A STAKE IN THE GROUP'S EARNINGS: DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING

The arrangements according to the three-year profit-sharing agreement in France gave employees a share in the Group's 2011 results, based on quality (manufacturing and customer service), employee safety (workplace accident frequency rate) and financial criteria (recurring operating income and free cash flow). Payments were made in 2012 under these profit-sharing agreements based on the results achieved by the Group in 2011. Local profit-sharing agreements are in place in Brazil and in Italy. In all other countries, the profit-sharing amounts due for the Group's 2011 recurring operating income were distributed to employees in 2012.

DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING
(Consolidated Group, excluding Faurecia, at 31 December)

(in thousands of euros)	2010	2011	2012
Automotive Division	53,987	46,303	26,708
o/w PCA	*48,490*	*39,118*	*22,137*
Banque PSA Finance	51	839	623
Other businesses	3,872	3,642	1,367

EMPLOYEE SHARE OWNERSHIP

To give employees a stake in their Company's growth, a variety of corporate savings plans have been set up. In France, employees have the opportunity to invest in a "PSA Peugeot Citroën employees' fund", while in Germany, Spain, Portugal and the United Kingdom, they can select from a variety of investment vehicles depending on local legislation. In each case, the Group provides a matching contribution to encourage employee participation.

The corporate savings plan comprises three components:

- the plan invested in Group shares;
- the diversified savings plan, introduced on 1 January 2004, which allows employees to invest in socially responsible funds as an alternative to Company shares;
- a long term insurance-based saving plan.

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

In March 2012, PSA Peugeot Citroën organised a €1 billion capital increase reserved for shareholders. In France, the PSA Peugeot Citroën employee mutual fund (FCPE) participated in this capital increase by selling a portion of its preferential subscription rights to acquire shares at preferential rates. An equivalent mechanism was established for employees invested in the International Employee Savings Plan in Germany, Portugal, Spain and the UK. The share of Group equity held by employees through these profit-sharing plans, based on matching contributions from the employer for every employee contribution, is greater than 3% and thus, with effect from 2013, requires an employee representative to join the Supervisory Board.

EMPLOYEE SAVINGS PLANS (PEAG, PED AND PEP)
(Consolidated Group, excluding Faurecia)

(in million euros)	Employee contributions 1 Jan.-31 Dec. *(in millions of euros)*	Employer contributions 1 Jan.-31 Dec. *(in millions of euros)*	Number of employees investing * 1Jan. 31-Dec.
Automotive Division	17.77	7.93	39,052
o/w PCA	*16.42*	*7.37*	*35,404*
Banque PSA Finance	0.30	0.13	428
Other businesses	0.61	0.29	687
TOTAL	**18.69**	**8.3**	**40,167**

* *Reinvestment of discretionary profit-shares, non-discretionary profit-shares and voluntary contributions.*

The Group paid more than €8.36 million in matching contributions into the local employee savings plans in 2012.

INTERNATIONAL EMPLOYEE SAVINGS PLAN
(Consolidated Group, excluding Faurecia, at 31 December 2012)

	Employee contributions *(in millions of euros)*	Employer contributions *(in millions of euros)*	Number of participants *(monthly average*)*
United Kingdom	0.98	0.51	741
Spain	0.14	0.09	81
Germany	0.22	0.11	155
Portugal	0.01	0.01	14
TOTAL	**1.35**	**0.72**	**991**

* *An employee may make payments over several months and is therefore included several times. To arrive at a more accurate representation, a monthly average was calculated.*

CORPORATE SAVINGS PLAN, DISCRETIONARY AND NON-DISCRETIONARY PROFIT-SHARING IN FAURECIA

CORPORATE SAVINGS PLAN IN FRANCE

In France, Faurecia has set up a number of schemes to enable employees to build up savings.

Since 2004, employees have access to a Group Employee Savings Plan, funded by amounts allocated under discretionary and non-discretionary profit-sharing plans as well as voluntary employee contributions.

A wide range of funds are offered, including the Faurecia Actionnariat corporate mutual fund, exclusively invested in Group shares. At end-2012, total funds managed in the employee savings plan stood at almost €30 million, of which 10.7% invested in Faurecia Actionnariat (2,424 employee savers).

Employees now also have access to the Group Pension Savings Plan, set up in late 2012. Like the employee savings plan, payments into the Group pension savings plan can be made from discretionary and non-discretionary profit-sharing plans as well as voluntary employee contributions.

A defined contribution plan for managers was also set up in 2006, supplemented in 2011 by an Inter-Company Savings Plan. (P.E.R.I). Over €54.5 million is managed under these pension savings schemes.

DISCRETIONARY PROFIT-SHARING IN FRANCE

French Faurecia companies in France are covered by a discretionary profit-sharing scheme, except for three companies acquired in 2012.

Traditionally, under current agreements at Faurecia, discretionary profit-sharing is calculated on the basis of two types of indicators:

- financial indicators at Company level. This part accounts for about 40% of the overall payout and is calculated annually;
- operational performance indicators calculated at site level and selected from among Faurecia Excellence System indicators. This part accounts for about 60% of the overall payout and is calculated half-yearly.

Under these agreements, the payout is capped at 6% of payroll – although in exceptional cases it may be raised to 8% if objectives are exceeded – and is allocated partly in proportion to salary and partly applied on a uniform basis depending on hours worked.

Finally, in acknowledgement of the Company's improved situation in 2011 and to recompense employees for all their hard work, an additional allocation of €350 was paid out to each employee.

In 2012, €20.1 million was paid out to employees under the discretionary profit-sharing scheme, of which €3.0 million were invested in the Group Employee Savings Plan in France.

NON-DISCRETIONARY PROFIT-SHARING IN FRANCE

Most of the non-discretionary profit-sharing agreements of the Group's various French companies stipulate that employee profit-sharing calculated in accordance with the legal formula must be allocated among employees in proportion to their salary for the year in question, subject to compliance with regulatory limits.

The amounts allocated to the profit-sharing reserve may paid directly to employees who so request or be held in an inaccessible special-purpose account or invested in the corporate mutual funds set up in connection with the Group Employee Savings Plan (PEG) or the Group Pension Savings Plan (PERCO).

Total non-discretionary profit-sharing payments came to €3.5 million in 2012. Of this amount, an aggregate €8.6 million was invested in the Group Employee Savings Plan.

PERFORMANCE-BASED STOCK OPTION AND SHARE GRANT PLANS

Faurecia has set up a performance-based share grant plan to motivate and retain senior management. This programme comes under a grant procedure determined at the Board meeting of 17 December 2009. The General Meeting of Shareholders of 26 May 2011 authorised the Board of Directors to grant free company shares up to a limit of 2,000,000. Based on this authorisation, the Board of Directors set up a performance-based free share grant plan on 23 July 2012 with 255 beneficiaries for a maximum amount of €1,049,100 shares. An external performance condition linked to a reference Group was introduced on top of the internal performance condition. The Board of Directors also approved an equivalent cash plan for six beneficiaries in Russia and China.

As of 31 December 2012, a total of 1,126,725 stock options were outstanding and 2,336,200 performance shares subject to the achievement of related performance conditions.

17.2. WORKPLACE HEALTH AND SAFETY IS OUR TOP PRIORITY

PSA Peugeot Citroën saw further improvements in workplace health and safety in 2012. The total lost-time incident frequency rate (including temporary employees) as of 31 December 2012 was 1.99, reflecting a continuous improvement process for workplace health and safety. The 22% improvement in safety performance in 2012 compared with 2011 shows the efficiency of the Workplace Health and Safety Management System introduced three years ago.

17.2.1. WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM G.8

PSA Peugeot Citroën's workplace health and safety policy, introduced in January 2010, is defined and promoted at the highest level of the Company. This policy is implemented through the Workplace Health and Safety Management System. Comprising 22 requirements that define areas requiring special attention and management, the health and safety standards are applicable to all Group units and subsidiaries.

The management approach is based on six fundamental principles:

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

The Workplace Health and Safety Management System is now operational at all PSA Peugeot Citroën units. An extensive programme is also underway at all units to help managers apply the approach on a daily basis using a Workplace Health and Safety Management System "roadmap". This roadmap includes five steps to establish a mature process and instil lasting change: raise awareness, change mind-sets, change behaviours, change habits and align the corporate culture. The roadmap provides a framework for cascading best practices and for measuring results against objectives.

Two years after implementation, the Workplace 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 Workplace 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 each country are involved in regulating all aspects of the system.

17.2.1.1. FIVE PRIORITY COMMITMENTS

PREVENTING MUSCULOSKELETAL DISORDERS

Preventing musculoskeletal disorders (MSDs) is a key workplace health and safety policy priority. MSDs are a leading cause of work-related injuries in the automobile industry. As MSDs have numerous interconnected causes, it is essential to simultaneously monitor physical factors, such as posture, exertion, and upper limb joint angulation, as well as non-physical factors, such as work organisation (in terms of length of time of repetitive movement), mental stress (information processing, relationships with co-workers and supervisors), and operators' perception of their work (recognition and motivation, for example). 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, PSA Peugeot Citroën carried out a review of workstations that require repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the risk level for each profession and detected factors with the greatest potential to cause MSDs. Based on this analysis, action plans were rolled out in 2012 to all Group plants. In parallel with the work carried out on repetitive workstations, an approach was developed to assess the different loads and stresses of non-repetitive workstations. In 2013, all the factors that cause MSDs will be explored for repetitive workstations. Non-repetitive workstations that lead to operator complaints are being addressed to strengthen the deployment of the approach defined in 2012.

Measures to address MSD risks are taken by multi-disciplinary teams comprising occupational health physicians, safety engineers and technicians, ergonomists and managers.

In addition to this initiative, PSA Peugeot Citroën continues to improve its workstations. Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as “heavy”. Between 2005 and end-2012, the percentage of workstations rated as “heavy” declined to 9% from 18%, while the percentage of “light” workstations rose to 56% from 37% during the same period. The Group intends to pursue this trend and has set a target for 2013 of 58% “light” workstations and 7% “heavy” workstations.

PREVENTING CHEMICAL RISKS

Chemical risks are a major 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 6,000 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 sheets for all hazardous chemicals are posted at the relevant workstations. They are approved in accordance with PSA’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. The Group has been committed to this initiative since 2005 and is now a step ahead. This 2012 monitoring plan was implemented according to schedule.

Moreover, the most hazardous products are rigorously monitored from a medical standpoint.

PREVENTING PSYCHOSOCIAL RISKS

Preventing psychosocial risks 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 “hyper-stress” are on average 30% less efficient. The last survey conducted within the Group in March 2012 (French sites) revealed that 7.6% of employees are experiencing hyper-stress. Above and beyond the health and safety considerations, this presents a considerable performance challenge.

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

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

The plan implemented in the Group focuses on the following priorities:

- developing monitoring networks: These networks operate within the Group. Monitoring units are in place and active. Health and social services play an important role on a day-to-day basis, in terms of both the warning system for distress situations and support for the individuals who need it.

  More generally, all employees, starting with managers, are increasingly attune to the problem of psychosocial risks. and are coming together to address it.

  For almost all the “acute” cases identified within the Group, the monitoring networks served their purpose.

  The challenge for the Group is to ensure that its actions to prevent employees from experiencing distress are as strong as its actions to treat them when such situations occur.

  The two major levers in this respect are the implementation of action plans and the enhancement of skills in order to identify best practices and limit the risk factors;
- implementing action plans: Action plans are generally coordinated by the Executive Committees, as part of the Workplace Health and Safety Management System’s standard practices, or occasionally at specific meetings with the HR function and/or the occupational health physicians. Working groups have therefore been established not only at the divisional level but also in the sub-entities (services, RUs, etc.).

  Action plans have been developed for employees who change sites, are transferred, change jobs, etc.;
- enhancing skills: Skills are enhanced through individual “work” using a self-assessment questionnaire based on the 29 workplace-related stress factors tracked by the Group, as well as through a strong training programme for managers, the support functions and the labour unions.

  86% of executives state that they have distributed the self-assessment questionnaire to their employees and that the results have had an impact on their management style.

  The questionnaire has been widely distributed in the various divisions and is an excellent way to raise managers’ awareness of the issue of psychosocial risks. It is viewed as a starting point for discussion, sharing and making improvements within the different entities.

  Training, which is organised by an international training company to ensure a consistent message in every country, is conducted through an e-learning module and an in-class session lasting a half day or full day depending on the target audience. The training plan is being rolled out methodologically in all the Company’s entities. At 31 December 2012, training had been provided to 3,805 people in France, 551 in Spain and Portugal, and 265 in Latin America;
- evaluating the situation and any developments: Stress levels and stress factors are evaluated in France through a programme to measure and monitor workplace stress. This programme, administrated by the occupational health services, makes it possible to both identify future problems at the individual level and assess, on an on-going basis, the degree of overall workplace stress. In 2012, 17,901 employees filled out a confidential questionnaire (compared with 16,727 in 2011 and 14,308 in 2010). This feedback gives managers the collective analyses they need to develop their action plans. A similar programme exists in Spain.

PREVENTING ROAD RISKS

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

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.

Steps have been taken, as part of the Workplace Health and Safety Management System, to raise the awareness of employees who may occasionally use a company car for business trips. Checks are systematically performed to ensure that these employees have a valid driver's license.

In accordance with the road risk prevention manual, the sites continue to conduct numerous awareness-raising campaigns both during the road safety week and just before the heaviest travel days. These campaigns involve external partners (law enforcement, insurance companies, etc.).

At the Safety Days held in 2012, the Madrid site devoted five hours per session to traffic- and travel-related risks.

The main initiatives in 2012 consisted of continuing our awareness-raising efforts and expanding them to include contractors and temporary employees who work at our sites on a permanent basis.

PROMOTING WORKSTATION SAFETY WITH “STOP” AUDITS

The “STOP” preventive observation procedure helps employees develop their ability to detect risky situations or behaviours at workstations. This procedure encourages discussion between managers and employees and facilitates adoption of preventive measures. “STOP” audits involve observing the working environment to identify factors that might result in an incident. They have been rolled out to the manufacturing facilities, the sales network and the support functions. Supported by a major training plan for managers, this participative approach drives progress in safety performance.

FAURECIA'S SAFETY COMMITMENT

Faurecia is also committed to enhancing occupational safety and working conditions and has consistently reduced the number of work-related accidents since 2003. To speed up this trend, in 2010, Faurecia launched a Breakthrough Safety Plan. In two years, this plan enabled Faurecia to achieve the highly ambitious objective of reducing the frequency of work-related accidents with lost time per million working hours by one third.

In 2012, Faurecia met its lost-time accident objective of 0.6. Out of a total of 249 internal sites, 87% of the units (including the sites acquired in 2011) had no lost-time accidents.

The objectives of the “Breakthrough Safety Plan” are to reduce the number of work-related accidents and serious HSE (Health, Safety, Environment) alerts following work-related accidents by providing training in the Group's various mandatory HSE rules as well as in monitoring the application of these rules.

Faurecia has defined 13 mandatory personal safety-related HSE rules. These rules have been deployed at all Faurecia sites. Applying these 13 rules has made it possible to significantly reduce the number of serious HSE alerts and to achieve the accident reduction objective.

In addition to the 13 mandatory HSE rules, Faurecia defined three rules on personal protection equipment for all Group sites. The application of these rules and their monitoring via Faurecia Excellence System production audits is speeding up the rate of reduction of work-related accidents not resulting in lost time.

17.2.1.2. AN ACTIVE COMMITMENT TO HEALTH

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

Its policy aims to keep all employees healthy by leveraging social dialogue and structured coordination among occupational physicians. It takes an individual and collective approach with five priority objectives:

- maintain a responsive occupational disease tracking system;
- educate and train employees to prevent negative impacts on health;
- correct disease-causing situations in the workplace and promote all types of measures that foster workplace well-being;
- prevent non-work related illnesses when measures in the workplace are feasible;
- support employees with health issues whenever possible.

Plans and programmes developed for all Group employees make use of internal, multi-disciplinary skills and take each region's environment, regulations and healthcare priorities into account.

IMPROVING WORKING CONDITIONS

Employee satisfaction surveys are conducted annually. These surveys cover a variety of topics, including internal communication, corporate culture, working conditions, professional development, training, compensation, employee-manager relations, Group policy and strategy, and food services.

Regardless of their area of activity, all subsidiaries, dealerships and sites focus on creating a pleasant and safe working environment. The Group pays careful attention to the quality of work areas, break rooms and other facilities, using a charter that defines standards for such things as lighting, office layout, washrooms and meetings rooms, as well as traffic flow plans.

A range of local services have been introduced to assist employees in achieving a better work-life balance, such as company concierge services, travel agencies, special bus lines, carpooling sites and help with administrative formalities. By becoming a founding member of the French Labour Ministry's "Day-care and Businesses" initiative, the Group enhanced its commitment to helping employees find good childcare solutions. In 2012, nearly 170 openings were offered in French day-care facilities.

Involvement in outside activities is also encouraged, with more than 80 sports, cultural and charity associations active within the Group. The PSA Challenges multi-site sports events in different host countries have become hugely popular. Works Councils supported by the Company also offer a wide variety of social, athletic and cultural activities.

In France, PSA Peugeot Citroën signed an agreement on the certification of Works Council management in July 2011. Under the terms of the agreement Works Councils can implement an assessment and Internal Audit process to obtain "responsible management" certification. The certification standard covers nearly 70 criteria that assess the internal organisation of Works Councils, the existence of ethics rules, operating budget management, accounting organisation, budget controls and the role of the employer. PSA Peugeot Citroën management and employee representatives clarified criteria for good governance and openness for all employees, as well as the resources that can be made available by the Company to heads of associations to support the functioning of sports and cultural programmes.

17.2.1.3. FOSTERING EMPLOYABILITY FOR EVERYONE

The Company is responsible for providing employees with positions aligned with their skills and capabilities. As part of its social responsibility commitment, PSA Peugeot Citroën introduced an employability management system in 2010 covering all production facilities. Since keeping employee skills fresh is a management priority, the actions deployed by the Group directly involve managers in achieving this objective.

PSA Peugeot Citroën enhances employability with a focus on four areas:

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

MULTI-SERVICE PLATFORMS OFFER AN INNOVATIVE SOCIALLY-RESPONSIBLE APPROACH

As part of its Employability Management System, and because medical restrictions and other every-day risks can make it more difficult for certain employees to remain on the job, at the end of 2011 PSA Peugeot Citroën introduced two "multi-service platforms" at the Aulnay and Sochaux sites. The objective is to develop employability by finding new activities and providing support through professional training.

One year later, the programme is an unqualified success: the 50 employees who took their chances with this approach have demonstrated their commitment and are gradually regaining confidence in their professional abilities. For example, new doors are open to employees who have learned the electronic document management or building finishing trades, enabling them to transition into new jobs thanks to the training and the development of activities that match their abilities. In an environment adapted to individual needs, and thanks to personalised support, employee-relations indicators are positive overall, with absenteeism down significantly and no work-related incidents.

17.2.2. WORK-RELATED ACCIDENTS AND OCCUPATIONAL ILLNESSES G.10

Progress was made in 2012 at all Group departments and in all businesses. The total lost-time incident frequency rate was 1.99 compared with 2.42 in 2011 and 3.87 in 2010. These results reflect safe practices by both permanent and temporary employees. As of 31 December 2012 the lost-time incident frequency rate for Group employees showed continued improvement, standing at 1.78, compared with 1.99 in 2011, and the rate for temporary employees declined to 6.2 in 2012 from 8.6 in 2011.

THE ONLY ACCEPTABLE TARGET IS ZERO ACCIDENTS AND ZERO HIGH-RISK SITUATIONS

PSA Peugeot Citroën believes that the only acceptable goal is an accident-free work environment and that no real progress can be achieved without ensuring employees' safety.

PSA Peugeot Citroën will continue to progress in 2013, to guarantee a robust process and achieve a total lost-time incident frequency rate of 1 for the full-year 2014. This target has already been achieved in 17 facilities in France, Latin America, Slovakia, Spain and Portugal.

TOTAL LOST-TIME INCIDENT FREQUENCY RATE
(Consolidated Group, excluding Faurecia, at 31 December 2012)

	Total lost-time incident frequency rate (LTIFR)
Automotive Division	1.81
o/w PCA	*1.69*
Banque PSA Finance	0.22
Other businesses	2.42
TOTAL	**1.78**

Faurecia met its lost-time incident targets in 2012, i.e. 0.6. At 87% of the units (including acquisitions in 2011) across 249 consolidated internal sites no lost-time incidents were recorded.

TOTAL MANAGEMENT LOST-TIME INCIDENT FREQUENCY RATE
(Consolidated Group, excluding Faurecia, at 31 December 2012)

	Total lost-time incident frequency rate (Management FR)
Automotive Division	2.02
o/w PCA	*2.04*
Banque PSA Finance	0.22
Other businesses	2.31
TOTAL	**1.99**

Lost-time incident frequency rate including employees and temporary employees.

SEVERITY RATE

The severity rate corresponds to the number of consecutive days lost to accidents, multiplied by one thousand, and divided by the number of hours worked. In 2012 the severity rate was 0.25 and 0.10 for industrial and commercial divisions (import subsidiaries and dealership subsidiaries). In the service sector, the severity rate was 0.04.

Faurecia's plants also use an accident severity indicator which includes lost time related to accidents. In 2012, the severity rate was 0.03, corresponding to 4,838 lost calendar days and 163 million hours worked.

OCCUPATIONAL ILLNESSES

(Consolidated Group, at 31 December 2012)

The priority focus is on job-related diseases, which are covered by active prevention programmes in every plant and facility. This led to a reduction in occupational illnesses in 2012.

	MSDs*	Musculoskeletal disorders associated with carrying heavy loads	Asbestos-related occupational illnesses	Noise-related hearing loss	Other	Total
Automotive Division	252	14	26	16	9	**317**
o/w PCA	*242*	*14*	*26*	*13*	*8*	***303***
Banque PSA Finance	0	1	0	0	0	**1**
Faurecia	248	0	2	31	56	**337**
Other businesses	21	1	0	1	0	**23**
TOTAL	**521**	**16**	**28**	**48**	**65**	**678**

* *Musculoskeletal disorders of the upper limbs*

In 2012, Group units (including Faurecia) declared occupational illnesses for 678 employees.

Of the total, 77% concerned illnesses related to musculoskeletal disorders of the upper limbs, 2.5% musculoskeletal disorders associated with carrying heavy loads, 4% asbestos-related illnesses, 7% hearing loss and 9.5% other illnesses.

17.2.3. JOINT MANAGEMENT-WORKER HEALTH AND SAFETY AGREEMENTS AND COMMITTEES G.9

JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES – PERCENTAGE OF EMPLOYEES REPRESENTED

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. The following table provides examples of the Health and Safety Committees comprising both managers and employees in a number of countries.

Country	Organisation	Membership
South Africa	Professional Health and Safety Committee	Employer representatives Employee representatives
Algeria	Joint Health and Safety Commission	Employer representatives Employee representatives Occupational physicians
Germany	Safety and Health Committee	Employer representatives Employee representatives Occupational physicians Safety manager External consultant
Argentina	Health Committee	Employer representatives Employee representatives Occupational physicians
	Health, Safety and Ergonomics Committee	Employee representatives Employer representatives
Belgium	Prevention and Workplace Protection Committee	Prevention consultant Employer representatives Employee representatives
Brazil	Internal Accident Prevention Commission	Employee representatives Employer representatives
Chile	Joint Health and Safety Committee	Employee representatives Employer representatives
Spain	Industrial Hygiene and Safety Committee	Employee representatives Employer representatives
	Safety and Health Committee	Employee representatives Employer representatives
France	Health, Safety and Working Conditions Committee	Employer representatives Employee representatives Occupational physicians Safety manager Union representatives Representative of the regional health insurance fund
Italy	Prevention and Protection Services	Employer representatives Employee representatives Medical officer Prevention and Protection Services Manager
Japan	Safety and Health Committee	Employee representatives Employer representatives
Morocco	Industrial Hygiene and Safety Committee	Employer representatives Employee representatives Occupational physicians
Netherlands	Health and Safety Committee	Employee representatives Employer representatives
Portugal	Industrial Hygiene and Safety Committee	Employee representatives Health and safety manager Employer representatives Occupational physicians
United Kingdom	Health and Safety Committee	Employee representatives Employer representatives Health and safety officer
Russia	Health and Safety Committee	Employer representatives Employee representatives
Slovakia	Working Conditions Committee	Employee representatives Employer representatives Production centre Chief Executive

More than 93% of Group employees (excluding Faurecia) are represented by Joint Management-Worker Health and Safety Committees.

HEALTH AND SAFETY AGREEMENTS

The Group is committed to implementing the best workplace health and safety standards and practices and has made health and safety a top priority. This commitment is expressed in the workplace health and safety policy, as well as in several national company agreements.

Each year, health and safety agreements are signed in the countries where the Group is present.

For example, in 2012, some of the agreements signed by the Group in key countries are:

In Spain (Automotive):

- Agreement on workplace health and safety commitments – March 2012;
- Agreement on bonus for reducing the number of accidents – May 2012;

In France (Other businesses):

- Agreement on reimbursement for healthcare expenses at the PSA company – January 2012;
- Agreement on programme to measure and monitor workplace stress at the PSA company – June 2012.

17.3. DIVERSITY AND GENDER EQUALITY G.15

17.3.1. PROMOTING DIVERSITY

PSA Peugeot Citroën has chosen to celebrate the diversity of its people and their cultures and to make equality and respect for differences a founding principle of its responsible growth. This societal challenge concerns all of our host countries, where we are committed to exceeding local legal requirements in applying and promoting best human resources management practices.

BRINGING TOGETHER THE BEST TALENTS

PSA Peugeot Citroën also fights against all forms of discrimination and intolerance towards difference, considering that capabilities are the key factor in hiring and career development.

Promoting diversity therefore means recruiting, bringing together and nurturing the brightest talent, regardless of national origin, gender, lifestyle, sexual orientation, age, marital status, pregnancy or parenthood, genetic characteristics, real or supposed belonging or not belonging to an ethnic group, nation or race, political opinion, union activity, religious convictions, physical appearance, name, pre-existing health conditions or disability.

Because our business performance benefits from team diversity, we need to hire people from a variety of backgrounds that reflect our host communities and environments. Diversity is a source of synergy, social harmony and business efficiency. It also stimulates the emergence of different points of view, making it an important source of creativity and innovation.

In 2009, PSA Peugeot Citroën was one of the first companies to obtain France's diversity label, which was renewed in 2012. It is awarded after a demanding certification process conducted by AFNOR Certification via an on-site audit. Eight of the Group's facilities (excluding Faurecia) in France were audited in 2012.

This certification recognises the Group's HR best practices to promote diversity and equal opportunity and to prevent discrimination, as well as its long-standing policy in the matter.

In France and Spain, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. They are responsible for ensuring that commitments are met and for analysing measures taken locally.

In 2011, the French agreement on diversity and social cohesion was renewed in order to step up initiatives by introducing improvements in four areas: continuing to diversify our hiring, guaranteeing every employee equal opportunity in career development, raising employee awareness of diversity issues and preventing harassment.

New programmes to support diversity are deployed every year.

THE WORLDWIDE DIVERSITY COMMITMENT

In 2010, PSA Peugeot Citroën formalised its actions in favour of diversity in the Worldwide Diversity Commitment, which is shared across the Group and applicable in every host country.

Integrated into the PSA Excellence System, the Worldwide Diversity Commitment comprises seven founding principles that provide an overall view of diversity and its challenges. It is designed to improve our initiatives in this area and to help the subsidiaries make progress in implementing and promoting diversity measures.

The global diversity correspondents met for the third time in December 2012. For the occasion, a review of the implementation of the Worldwide Diversity Commitment was conducted, as well as a self-assessment carried out in ten countries. It underscored extensive involvement by the countries and suggests they are developing a real awareness of the importance of these issues, as reflected in the more than 131 action plans that have been defined to help them enhance their ability to manage diversity. In leading the diversity process in their country, the correspondents use a deployment kit and share best practices within the global correspondents' network.

As well as formalising the commitment, establishing indicators and deploying strict processes that prohibit any form of discrimination, the action plans are now focusing on communicating with employees and engaging with external partners to promote gender equality and diversity in the workplace.

TRAINING EVERY MANAGER IN DIVERSITY ISSUES

Since 2008, more than 3,500 employees have been trained in "diversity management". This is done through a module designed to offer practical solutions and effective resources for handling real-life equal opportunity issues within their teams. This will help them to demonstrate the principles underlying respect for difference, prevention, and zero tolerance for any type of discrimination.

As part of the deployment of the Worldwide Diversity Commitment, diversity management training is being extended to Spain, Portugal, Italy, Belgium and other host countries.

TOP TEN NATIONALITIES OTHER THAN FRENCH
(Consolidated Group, excluding Faurecia, at 31 December 2012 – percentage of total workforce)

	Automotive Division	*o/w PCA*	Banque PSA Finance	Other businesses	TOTAL	%
Spain	12,392	*201*	285	7	12,684	**10.3%**
Brazil	5,315	*37*	79	0	5,394	**4.4%**
Argentina	5,159	*20*	0	0	5,159	**1.2%**
Slovakia	3,175	*15*	15	0	3,190	**2.6%**
Germany	2,445	*48*	264	23	2,732	**2.2%**
United Kingdom	2,444	*47*	258	4	2,706	**2.2%**
Russia	2,572	*14*	57	1	2,630	**1.2%**
Portugal	1,972	*508*	60	9	2,041	**1.7%**
Italy	1,176	*238*	193	32	1,401	**1.1%**
Morocco	1,223	*1,170*	1	6	1,230	**1%**
TOTAL	**37,873**	***2,298***	**1,212**	**82**	**39,167**	**31.7%**

The top ten nationalities other than French represented in the workforce accounted for 31.7% of the total (excluding Faurecia).

More than 46,608 employees (excluding Faurecia) are non-French, or 38% of the workforce, and 132 nationalities are represented.

17.3.2. EQUAL TREATMENT

17.3.2.1. CONTINUING TO INCREASE THE PERCENTAGE OF WOMEN IN THE WORKFORCE G.13

For many years, PSA Peugeot Citroën has pursued an assertive policy of promoting gender balance and gender equality in its workforce.

A RECOGNISED COMMITMENT

Building on an initial agreement signed in 2003 and renewed in 2007, a greatly expanded agreement to encourage gender equality and the development of jobs for women was signed in France with all of the unions in February 2011. It is structured around three main commitments: supporting the integration of women in a traditionally male-dominated industry, guaranteeing gender equality in the Company and improving women's access to senior management positions. It also includes two chapters concerning communication and the Company's support for working parents.

PSA Peugeot Citroën was the first company in France to receive the "Equal Opportunity Employer" label from the Ministry of Social Cohesion and Equality in 2005. Renewal of the label in 2008 and in May 2011 attests to our sustained progress in achieving gender equality and offers an encouragement to pursue efforts in this area.

In 2011, the globalisation of this commitment reached a real milestone when PSA Peugeot Citroën earned the first certification awarded under the Gender Equality European Standard for its operations in France, Spain, Italy and Belgium. The process will be extended to Portugal in 2013.

Hiring More Women and Developing Gender Diversity in the Professions

A diverse workforce promotes synergy, social balance and business efficiency. Although the courses that lead to jobs in the technical and automobile industries have traditionally attracted fewer women students, the percentage of women in the Group's workforce has risen, reflecting trends in the labour market and the various measures taken, notably to improve working conditions.

Since 2002, the percentage of women employees has risen from 17.6% to 22% in 2012. PSA Peugeot Citroën intends to sustain this increase and make its jobs and professions more open to women.

Guaranteeing Equal Pay and Career Development

In all job categories, men and women are guaranteed the same job classifications and salary levels when they are hired.

In line with the Company agreement on diversity and social cohesion signed in 2004 and renewed in 2008 and 2011, promotions to a higher coefficient, category or level of responsibility are based solely on demonstrated capabilities and results. This practice ensures equal treatment for employees, with the possibility of salary adjustments if variances are identified.

Encouraging Gender Diversity in Management

True gender diversity means that women should have access to the same career paths and opportunities as men, notably as concerns positions of responsibility.

For this reason, the same criteria for detecting high potential individuals are applied to both women and men. These criteria do not take age and seniority into account so that women who take maternity leave are not disadvantaged. They are based solely on capabilities, effectiveness and performance.

As of 31 December 2012, the Group's executive and senior management teams (excluding Faurecia) included 90 women and 792 men, for a rate of 17.2% versus 5% in 2008. Executive management's determination to improve the balance of the senior management teams is evident in its objective of achieving a rate of 15% by 2015.

Created in the spring of 2010, the "Women Engaged for PSA" network now has 160 women managers from different Group departments.

It is actively helping to increase the number of senior women executives by developing resources to identify and support women to have the ambition, potential and desire one day to serve as senior managers and executives.

Recognising the Needs of Working Parents with Parental Leave Meetings

The Group confirmed the importance it places on hiring more women and on workplace gender equality by including, in the new agreement signed in France in 2011, specific measures acknowledging the needs of working parents to enable them to achieve the best possible work-life balance.

Since October 2012, all Group employees in France (men and women) taking leave due to the arrival of a child (maternity, adoption, parental) are entitled to two meetings: one before they leave and one when they return. The aim of these two meetings with their direct supervisor is to plan for the future (mobility requests, training needs, change in the organisation of the work week, etc.) and review their current position in conjunction with the annual performance review (progress on objectives, preparations for the absence, etc.).

GENDER EQUALITY IN THE WORKPLACE

PSA Peugeot Citroën's commitments to gender equality are expressed in the 12 November 2003 agreement on gender equality and employment for women, which was renewed in 2007 and early 2011. As a result, 2002 has been chosen as the reference year.

NUMBER OF WOMEN EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS
(Consolidated Group, at 31 December 2012)

	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	9,837	7,515	4,186	21,538
o/w PCA	*6,172*	*2,629*	*2,912*	11,713
Banque PSA Finance	0	1,153	270	1,423
Faurecia	14,988	3,397	3,072	21,457
Other businesses	250	155	165	570
TOTAL	**25,075**	**12,220**	**7,693**	**44,988**

PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS
(Consolidated Group, at 31 December 2012)

% women in the workforce	2011	2012
Automotive Division	18.1%	18.3%
o/w PCA	*NA*	*17.5%*
Banque PSA Finance	53.4%	53.3%
Faurecia	26%	26.5%
Other businesses	34%	16.7%
TOTAL	**21.5%**	**22%**

Women account for 20.2% of engineers and managers, 27.1% of administrative employees, technicians and supervisors (ETAM) and 20.7% of operators and administrative employees.

PERCENTAGE OF WOMEN MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP
(Consolidated Group, at 31 December 2012)

	< 30 years		30-39		40-49		≥50		Total	
	Number of women managers	% of women managers	Number of women managers	% of women managers	Number of women managers	% of women managers	Number of women managers	% of women managers	Number of women managers	% of women managers
Automotive Division	419	29%	1,835	24.8%	1,300	16.3%	632	11.9%	4,186	18.9%
o/w PCA	*290*	*26.3%*	*1,197*	*24.8%*	*928*	*17%*	*497*	*13.2%*	*2,912*	*19.2%*
Banque PSA Finance	18	50%	79	36.9%	108	34.4%	65	28.3%	270	34%
Faurecia	804	29.5%	1328	24.3%	678	15.9%	262	12.1%	3,072	21%
Other businesses	14	51.9%	57	43.8%	53	26.1%	41	24.3%	165	31.2%
TOTAL	**1,255**	**29.6%**	**3,299**	**25%**	**2,139**	**16.8%**	**1,000**	**12.7%**	**7,693**	**20.2%**

The percentage of women managers for the Group as a whole is 20.2%.

Women accounted for 29.6% of managers under 30 and 12.7% of managers over 50.

Executive Management

(Automotive Division, at 31 December 2012)
The PSA Peugeot Citroën Group is led by a six-member Managing Board.

The Executive Committee comprises the six members of the Managing Board and four Executive Vice-Presidents.

In addition, five Senior Vice-Presidents report to the Chairman of the Managing Board.

As of 31 December 2012, the executive management team totalled 15 people, of which 12 members are French, one is Portuguese, one is German and one is English.

Diversity in senior management

(Consolidated Group, excluding Faurecia, at 31 December 2012)

	30-39		40-49		≥ 50		Total	
	Men	Women	Men	Women	Men	Women	Men	Women
Automotive Division	34	10	278	48	323	18	635	76
o/w PCA	*19*	*7*	*207*	*36*	*249*	*12*	*475*	*55*
Banque PSA Finance	0	0	8	1	4	0	12	1
Other businesses	4	0	12	3	19	2	35	5
TOTAL	**38**	**10**	**298**	**52**	**346**	**20**	**682**	**82**

"Senior managers" include the senior managers in charge of adapting and implementing the Group's strategy, policies and programmes. It does not include members of the Executive Committee or senior executives.

17.3.2.2 HIRING AND INTEGRATING DISABLED WORKERS G.14

PSA Peugeot Citroën is committed to hiring and retaining disabled employees. Worldwide, the Group directly employs 8,426 disabled people, as defined by local legislation.

In the Automotive Division in France, 8.3% of employees are classified as disabled (including sheltered workers under contract), above the mandatory national rate of 6%.

In addition to these direct hires, we were also the leading manufacturer in France for sourcing from sheltered workshops, with purchases representing value added of €35 million.

In 2011, the Group and five unions signed the fourth agreement on social integration and job opportunities for the disabled, which opens new pathways and identifies new improvement drivers for the 2011-2013 period.

A variety of communication and sensitivity campaigns are conducted across the Group. For example, a number of facilities in France participate each year in the country's Hire the Disabled Week by organising events to get employees involved in this issue.

DISABLED EMPLOYEES
(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2012**	**5,393**	**532**	**44**	**5,969**
	2011	5,096	538	47	5,681
	2010	5,095	490	40	5,625
o/w PCA	*2012*	*4,940*	*0*	*0*	*4,940*
	2011	*NA*	*NA*	*NA*	*NA*
	2010	*NA*	*NA*	*NA*	*NA*
Banque PSA Finance	**2012**	**13**	**25**	**0**	**38**
	2011	8	23	0	31
	2010	10	20	0	30
Faurecia	**2012**	**1,060**	**1,228**	**124**	**2,412**
	2011	NA	NA	NA	NA
	2010	NA	NA	NA	NA
Other businesses	**2012**	**6**	**1**	**0**	**7**
	2011	8	1	0	9
	2010	50	0	0	50
TOTAL	**2012**	**6,472**	**1,786**	**168**	**8,426**
	2011	NA	NA	NA	NA
	2010	NA	NA	NA	NA

17.3.2.3. A POLICY TO FIGHT OTHER FORMS OF DISCRIMINATION G.15

AN ON-GOING COMMITMENT TO YOUTH EMPLOYMENT

In 2012, as part of its programme to bring young people into the workforce, the Group welcomed 4,317 interns and 6,347 work-study programme participants (including skills-acquisition and apprenticeship contracts).

The programme is designed to maintain a well-balanced age pyramid and ensure the training of its youngest employees and the transfer of knowledge and expertise between generations. In selecting candidates and training courses, the Group also draws on its 'job family and professions' work and the results of the Professions Observatory. PSA Peugeot Citroën gives many young people a chance to discover first-hand the jobs in the automotive industry and to share in the values of a large manufacturing Group.

INTERNSHIPS AND SKILL-ACQUISITION, APPRENTICESHIPS AND WORK-STUDY CONTRACTS BY GENDER
(Consolidated Group, at 31 December 2012)

	Interns		Skill-acquisition contracts		Apprenticeship contracts		Work-study contracts		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Automotive Division	1,721	877	176	68	1,218	422	1,560	538	4,675	1,905
o/w PCA	*1,155*	*444*	*110*	*51*	*922*	*402*	*1,077*	*474*	*3,264*	*1,371*
Banque PSA Finance	27	30	11	26	0	1	19	39	57	96
Faurecia	1,070	503	45	63	146	64	1,251	400	2,512	1,030
Other businesses	57	32	29	22	75	19	110	45	271	118
TOTAL	**2,875**	**1,442**	**261**	**179**	**1,439**	**506**	**2,940**	**1,022**	**7,515**	**3,149**

HIRING AND MOTIVATING OLDER EMPLOYEES

PSA Peugeot Citroën does not believe in having a separate policy for older employees, who represent nearly 22% of the Group's total workforce. On the contrary, our response is integrated into the general jobs and capabilities policy, which guarantees equal opportunity and treatment and anticipates demographic trends.

Aware of the importance of this issue, back in 2005, initiatives were undertaken to address the hiring and motivating seniors with employee representatives. Agreements to retain and motivate older employees were signed in France in January 2010.

The Company's commitment to keeping seniors motivated and in the workforce is consistent with its corporate social responsibility policy. The aim is to ensure equal opportunity and fair treatment for all, including seniors.

The measures included in this agreement seek to increase recognition of seniors' place in the Company, give their experience more due for the role it plays in the Group's success, and view the coexistence of generations as improving social cohesion and business efficiency.

The Group's policy for older employees identifies six levers – hiring, career development, working conditions, access to training, managing end-of-career schedules and mentoring – that shape action plans.

17.3.3. PREVENTING WORKPLACE HARASSMENT, DISCRIMINATION AND VIOLENCE G.15

PSA Peugeot Citroën condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions and specific measures have been prepared in every country to prevent it. Employees are regularly informed about these policies and a large number of managers have participated in sensitivity campaigns.

Employees who are victims of or witness cases of harassment, discrimination or violence in the workplace may contact their Human Resources Department or, in the event of complications in using traditional channels, they may anonymously contact identified managers responsible for diversity and/or harassment issues. Employees may also use the "harassment" and "diversity" email boxes to report a problem. This prompts the HR function to launch an internal investigation where all parties involved in the incident can submit their case and reply to the case made by the other parties.

A standard tracking procedure aligned with the local legal framework has been introduced in every host country. When a problem is identified, the information is reported to human resources and a review is conducted. In 2012, for example, 85 complaints alleging workplace harassment, discrimination or violence (excluding Faurecia) were reported to the corporate Human Resources Department. Such behaviour will not be tolerated in the PSA Peugeot Citroën corporate community.

RAISING EMPLOYEE AWARENESS OF MORAL HARASSMENT ISSUES

As part of the agreement on diversity and social cohesion, senior management and employee representatives wanted to raise employee awareness of the problem of moral harassment. In 2012, an e-learning module was rolled out for Group employees in France, meeting three main objectives:

- enhance employee sensitivity to moral harassment issues;
- present the Group procedures for fighting against moral harassment;
- engage stakeholders across the Group in preventing and managing cases of harassment.

The module uses interactive role-playing exercises to help employees define and identify moral harassment, anticipate situations at risk, and prevent and manage harassment situations. In 2012, 5,500 people completed this e-learning module.

17.4. EXPRESSING OUR SOCIAL RESPONSIBILITY THROUGH INTERNATIONAL DIALOGUE

Deployed across the world, PSA Peugeot Citroën's employee relations policies are designed to foster a sense of community built on the strong values of mutual support, tolerance and commitment. At the core of these policies is constant, on-going dialogue with employee representatives. In undertaking major transformation projects, we consistently choose to engage in social dialogue, based on employee information and involvement. This process involves the signature of a large number of agreements in every host country, with a Group-wide employee relations management system now enabling each one to strengthen social cohesion within the local organisation.

A GLOBAL EMPLOYEE RELATIONS MANAGEMENT SYSTEM

Structured around six commitments and 14 standards, PSA Peugeot Citroën's employee relations policies are designed to support a harmonious working environment in every plant and facility. In particular, systems are in place to proactively foresee and manage the employee relations aspects of all of the developments that impact the Group, while strengthening social cohesion within the organisation. Based on an annual self-assessment, each unit measures the progress made on each standard and leads action plans to promote the achievements in the social area.

17.4.1. THE GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY G.6 G.7

A HISTORIC COMMITMENT

For many years, PSA Peugeot Citroën has been leading programmes to drive responsible growth in its business. In 2003, this commitment to corporate social responsibility was formalised by the pledge to support the United Nations Global Compact, a voluntary initiative designed to align a company's strategy and operations with responsible growth principles. By encouraging fruitful dialogue among all our stakeholders, it represented a critical milestone in the roll-out of our responsible growth process.

Three years later, the Group wanted to demonstrate the full depth of its commitment and decided to get a wide range of stakeholders involved in the process on an international level. On 1 March 2006, the first Global Framework Agreement on Social Responsibility was signed with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and more than 90 unions around the world. After four years of application, the Agreement was renewed in 2010. By opening a new Chapter in our environmental stewardship and strengthening our employee-relations commitments, the amendment has instilled new momentum in our drive to demonstrate social and environmental responsibility.

WORLDWIDE BUY-IN

The Global Framework Agreement is primarily designed to enable every Group unit to improve its social responsibility performance, by encouraging everyone to embrace the social and environmental sensitivity that society increasingly expects of companies.

It engages PSA Peugeot Citroën to respect and promote the fundamental human rights expressed in the Universal Declaration of Human Rights and to apply the best human resources management and development practices. It also commits the Group to sharing its standards with its partners, suppliers and independent dealers.

The Agreement is structured around five main areas of application:

- respecting fundamental human rights;
- managing and developing our human resources;
- sharing social responsibility practices with stakeholders;
- helping to foster economic and social development in our host communities;
- safeguarding the environment.

DILIGENT APPLICATION G.16 G.17 G.18 G.19

The Agreement's five areas of application have been expressed in 15 commitments that are enabling every unit, regardless of size or host country, to implement the underlying principles.

The Global Framework Agreement's 15 Commitments
1. Avoid complicity in human rights abuses
2. Uphold freedom of association and the effective recognition of the right to collective bargaining
3. Effectively abolish child labour
4. Eliminate discrimination in respect of employment and occupation
5. Anti-corruption
6. Focus on safety, working conditions and health
7. Develop the skills of the future through continuing training
8. Provide employees with the means to participate
9. Advance planning for changes to professional and job profiles
10. Remuneration practices
11. Ensure social protection
12. Negotiate organisation of work and scheduling
13. Share social responsibility practices with suppliers, subcontractors, production partners and dealers
14. Take into account the impact of the Company's business in its host communities
15. Preserve the environment

Every year, the subsidiaries deploy three action plans to improve their ability to fulfil the Agreement's commitments, with performance self-measured every three years.

In 2012, 128 subsidiaries conducted self-assessments, which showed that compliance with the Agreement stood at 80%.

This continuous improvement process is being led jointly with unions or employee representatives, who are directly involved in implementing the action plans and the self-assessment process.

In 2012, 370 action plans were defined in subsidiaries based in 35 countries on 4 continents.

UPHOLDING FUNDAMENTAL HUMAN RIGHTS

PSA Peugeot Citroën is committed to growth founded on socially-responsible principles and practices, consistently applied in every host country and business around the world.

In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. The Group promotes the respect of human rights in every host country, even in regions where such respect is not always forthcoming. The Group's policies demonstrate that it is deeply committed to the Universal Declaration of Human Rights. This commitment is expressed to the public on corporate website and to employees around the world on the human resources Intranet site, with a direct link to the Universal Declaration of Human Rights on the UN website.

No subsidiary was convicted in 2012 of involvement in human rights violations or the use of forced labour.

Moreover, PSA Peugeot Citroën actively supports employee freedom of association and representation around the world and is committed to respecting the independence and pluralism of trade unions. Active, on-going social dialogue is maintained with union representatives in every host country.

TRAINING IN HUMAN RIGHTS POLICIES AND PROCEDURES
(Consolidated Group, excluding Faurecia, at 31 December 2012)

Areas	Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training	11,196	1,817
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	11,423	9,050
Code of Ethics	4,429	8,858
Corruption, conflicts of interest, etc.	916	397
TOTAL	**27,964**	**20,122**

In 2012, some 20,122 employees participated in dedicated training in Human Rights policies and procedures.

Some of the courses focused on an issue related to the employee's duties, such as the anti-money laundering course designed to combat money laundering, prevent fraud and avoid financing terrorist activities, which was required for all finance company employees. Others, concerning Human Rights and antidiscrimination practices, were specifically intended for managers and recruiters. Still others were presented in the form of a module in a more general programme, such as orientation training for young hires.

In addition, the Group's Human Rights policies and procedures are explained on the human resources intranet site and reaffirmed in the different agreements signed by the Group, the text of the Universal Declaration of Human Rights, the Global Compact's ten principles, etc.

UPHOLDING FUNDAMENTAL HUMAN RIGHTS AT FAURECIA

In 2004, Faurecia signed the United Nations Global Compact. In doing so, it made a commitment to respect and promote, in its business practices, a set of values and principles derived from international legislation and conventions on Human Rights, labour standards and the environment. In 2007, new developments, new demands from clients, as well as new policies on corporate social responsibility and sustainable development led Faurecia to revise its Code of Ethics to comply with the ILO's core conventions.

PROHIBITION OF CHILD LABOUR

Faurecia complies with national laws and regulations on child labour. It will not employ children under the age of 16, under any circumstances, and complies with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. Faurecia ensures that its suppliers and partners adopt the same standards.

ELIMINATION OF ALL FORMS OF FORCED LABOUR

Faurecia is committed to ensuring the freedom of choice in employment and to eliminating all forms of forced and compulsory labour. Faurecia ensures that its suppliers and partners adopt the same standards.

FREEDOM OF ASSOCIATION AND AT HE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Faurecia recognises the existence of trade unions worldwide and the right of workers to form the union organisation of their choice and/or to organise workers' representation in accordance with the laws and regulations in force. It undertakes to protect union members and leaders and not to make any discrimination based on the offices held.

Faurecia is also committed to promoting a policy of consultation and negotiation. Given its decentralised legal and managerial structure, this policy is implemented through collective bargaining agreements signed with the sites, on the one hand, and companies, on the other.

ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

In its recruitment actions and career management, Faurecia undertakes not to make any discrimination, in particular on the basis of age, gender, skin colour, nationality, religion, health or disability, sexual orientation, political or philosophical opinions or trade union allegiances. All employees have the right to work in a healthy environment, free from any form of hostility or harassment qualified as unlawful under the regulations and practices in force in the countries where Faurecia conducts its business.

In particular, Faurecia forbids any unlawful conduct construed as sexual or moral harassment, including in the absence of any hierarchical or subordination relationship.

17.4.2. INTERNATIONAL SOCIAL DIALOGUE ORGANISATIONS G.6

THE EXTENDED EUROPEAN GROUP COUNCIL, REPRESENTING ALL EMPLOYEES

Created in 1996, the European Works Council provides management and employee representatives with a forum in which to discuss the Group's strategy, results and outlook. During its annual plenary meeting, the European Council is expanded into a Global Council, with delegates from Argentina, Brazil, China and Russia.

In 2012, the European Works Council and its Liaison Committee of officers met eight times. At these meetings, employee representatives were informed of progress in the Alliance between PSA Peugeot Citroën and General Motors, and of the proposed Group recovery measures. As every year, a review of the Global Framework Agreement's application and of the self-assessment was prepared for the plenary meeting.

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

The Joint Union-Management Strategy Committee was set up as a forum for analysis, dialogue and discussion between senior management and the European trade unions. On 19 June 2008, the Committee was extended to the leading unions outside France in an agreement signed with IG Metall, T&GWU, SIT-FSI, UGT and CC-OO. It explores in detail issues related to the Group's position and development, its policies and the strategies it has undertaken (in such areas as products, markets, changing technologies and new business projects outside France, etc.) in the medium and long term Topics covered include all of the issues and trends that could have an impact on employment.

The members met three times in 2012, to address such major strategic concerns as the Purchasing strategy, the policy on research cooperation and the alliance with General Motors.

FAURECIA'S EUROPEAN WORKS COUNCIL

The European Works Council, a major player in economic and social dialogue, is one of Faurecia's principal forums for discussing its strategy, results and outlook with employee representatives.

Since the European Works Council's agreement was due to expire on 31 March 2012, negotiations were opened at the end of 2011. A new four-year agreement was signed unanimously on 10 January 2012. This new agreement granted elected representatives additional resources and new rights (such as an increase in the number of hours credited to members of the Council's Board and access to translators at the Council Board meeting at which the annual results are presented).

The rules governing how the 25 seats are allocated enabled each of the 15 European countries in which Faurecia operates to have representation. They also allowed Belgium's representative to return and permitted Austria to send a representative for the first time.

The European Works Council met in plenary session on 18 and 19 April 2012, the Council's Board, made up of representatives from six countries where the majority of the workforce is based (France, Germany, Spain, Portugal, the Czech Republic and Poland), met three times.

The Board's last meeting of the year was held in Portugal, a first for the Council. Before attending the meeting, representatives toured the "seating units" and "foams and accessories" plants and had an opportunity to discuss these plants' accomplishments in the areas of safety, employee involvement and production.

17.4.3. A LARGE NUMBER OF NEW AGREEMENTS

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

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

In 2012, nearly 78 company agreements were signed (excluding Faurecia), including 49 outside France. They covered a variety of issues, from organisation of the work week and wages, to working conditions, diversity and social cohesion. All of the agreements were approved by a large majority.

- Worldwide, 90% of employees (excluding Faurecia) are covered by a collective bargaining agreement.

Faurecia's social dialogue policy was reflected in 2012 by the signing of 316 agreements in 22 countries, including, in particular, 135 in France, 86 in Germany, 46 in Brazil, nine in Mexico, five in Tunisia, and four in Argentina. Of these agreements, 26% were related to wages and benefits, 20% were related to mandatory and discretionary profit-sharing schemes and 30% were related to working conditions.

STRENGTHENED SOCIAL DIALOGUE AND COOPERATION WITH EMPLOYEE REPRESENTATIVES

A GLOBAL SOCIAL AUDIT

Deployed worldwide, the Group's social responsibility policies are regularly monitored through social audits, which help PSA Peugeot Citroën drive continuous improvement in processes and ensure that these policies are effectively applied. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and our social responsibility principles.

The process relies heavily on self-assessments by plants, facilities, country organisations, departments and divisions. These Internal Audits are supplemented by external compliance audits concerning employee relations information and social responsibility commitments.

In 2012, application of the Group's Global Framework Agreement on Social Responsibility was audited in the Group's five Spanish subsidiary companies. A campaign to audit application of the agreement on diversity and social cohesion in the workplace has been launched using a new audit grid. In 2012, 21 facilities (plants, branches and technical centres) were audited for application of the Workplace Health and Safety Management System, supplementing the local audits covering all subsidiaries.

As a socially responsible company, PSA Peugeot Citroën shares its social requirements with suppliers. Since 2010, 39 first-time social and environmental audits have been performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the deployment of the Purchasing Department's sustainable development action plan. Conducted by an external, independent organisation, these audits lead to corrective action plans whenever cases of non-compliance were detected.

17.5. STOCK-OPTION PLANS AND FREE ALLOCATION OF SHARES

17.5.1. ALLOCATION POLICY

See Chapter 15.1 above and 21.1.4 after.

17.5.2. OPTIONS TO PURCHASE EXISTING SHARES OF COMPANY STOCK

See Chapter 15.1 above and 21.1.4 after.

17.5.3. PERFORMANCE SHARE PLANS

See Chapter 15.1 above and 21.1.4 after.

For more information, refer to notes 27.3 and 27.4 to the 2012 consolidated financial statements.

17.6. EMPLOYEE SHAREHOLDING

17.6.1. THE GROUP EMPLOYEE SAVINGS PLAN

In many host countries, PSA Peugeot Citroën offers a variety of savings schemes that enable employees to invest their own funds, by making voluntary contributions and investing their discretionary and/or non-discretionary profit shares.

17.6.2. EMPLOYEE OWNERSHIP OF COMPANY STOCK

PERCENTAGE OF CAPITAL HELD BY EMPLOYEES THROUGH EMPLOYEE STOCKHOLDING PLANS WORLDWIDE
(France, Germany, Spain, United Kingdom, Portugal)

	2012	2011	2010
Percentage	3.23*	3.26	2.79

* *This percentage is 3.03% for the scope defined in Article L. 225-102 of the French Commercial Code*

More than 42,000 employees or former employees are Peugeot S.A. shareholders.

To further involve employees in the Group's governance, the Supervisory Board of Peugeot SA decided, at its meeting of 23 October 2012, to initiate the process of having shareholders at the Annual Shareholders' Meeting elect an employee representative to the Supervisory Board.

As employee shareholding has exceeded the 3% threshold, the Supervisory Board, at its meeting of 12 February 2013, decided to propose that the Annual Shareholders' Meeting of 24 April 2013 appoint an employee representative to the Supervisory Board. For more information, please refer to section 21.4 "Annual Shareholders' Meeting".

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MAJOR SHAREHOLDERS

18.1. CAPITAL AND VOTING RIGHTS STRUCTURE AT 31 DECEMBER 2012

As of 31 December 2012, the Peugeot family Group, whose members are presented in the table below, held 25.5% of the Company's outstanding shares and 38.1% of exercisable voting rights.

	31 Dec. 2011				31 Dec. 2011				31 Dec. 2011			
Main identified shareholders (1)	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights	Shares outstanding	% interest	% exercisable voting rights	% theoretical voting rights
Établissements Peugeot Frères (2) (4)	22,312,608	6.29	9.93	9.64	19,115,760	8.17	13.11	12.38	19,115,760	8.17	12.47	12.19
FFP (4)	67,372,689	18.99	27.97	27.14	53,363,574	22.80	35.20	33.24	51,792,738	22.13	33.79	33.02
Maillot I	164	0.00	0.00	0.00	100	0.00	0.00	0.00	100	0.00	0.00	0.00
Société Anonyme de Participations (SAPAR) (3)(4)	833,317	0.23	0.20	0.20	148,672	0.06	0.05	0.05	-	-	-	-
Peugeot family	**90,518,778**	**25.51**	**38.11**	**36.97**	**72,628,106**	**31.03**	**48.36**	**45.67**	**70,908,598**	**30.30**	**46.26**	**45.21**
Other individual shareholders	59,413,026	16.74	14.34	13.82	16,635,083	7.11	5.92	5.59	18,413,671 (4)	7.87	6.15	6.00
GM Automotive Holdings SL	24,839,429	7.00	5.96	5.78	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Employees	11,452,869	3.23	3.98	3.86	7,638,100	3.26	4.54	4.29	6,538,348	2.79	3.88	3.80
Other French institutions	52,236,259	14.72	12.52	12.15	43,346,051	18.52	14.86	14.03	43,710,387	18.67	15.08	14.73
Other foreign institutions	103,600,004	29.20	24.88	24.14	76,614,552	32.73	26.32	24.86	87,290,771	37.30	28.63	27.97
Treasury stock	12,788,628	3.60	-	2.98	17,187,450	7.34	-	5.56	7,187,450	3.07	-	2.29
TOTAL	**354,848,992**	**100**	**100**	**100**	**234,049,344**	**100**	**100**	**100**	**234,049,225**	**100**	**100**	**100**

(1) Source: Euroclear TPI 31 Decembre 2012 and Thomson Reuters.

(2) Comtoise de Participation and LFPF were combined into EPF as of December 2010.

(3) Société Anonyme de Participation (SAPAR), a holding company with ties to Thierry Peugeot, Chairman of the Supervisory Board, and Marie Hélène Roncoroni, member of the Supervisory Board.Disclosure made by SAPAR on 6 December 2011 in application of Article L. 621-18-2 of the French Monetary and Financial Code.

(4) Shares held in individual securities accounts and others (by difference).

Following the December 2011 decision of the Supervisory Board to create a Shareholders' Consultative Committee, as a way to continue the policy in place with regard to individual shareholders, the Group launched its Shareholders Consultative Committee at the Shareholders Meeting of 25 April 2012. This Committee is truly consultative and will be given a variety of assignments, primarily including communicating the desires of the Group's individual shareholders as a class, forwarding suggestions to promote the Group among individual shareholders and helping to design ways of communicating with shareholders. 12 members were chosen with the goal in mind of reflecting the diversity of the Group's shareholders and providing a balanced representation of PSA Peugeot Citroën individual shareholders in terms of age, gender, geographical area, etc.

Accordingly, in 2010 a PSA Peugeot Citroën shareholders club was formed which as of 31 December 2012 already has 3,100 members.

POTENTIAL VOTING RIGHTS AT 31 DECEMBER 2012

In compliance with Article 223–11 of the AMF General Rules and Regulations, the following chart analyses potential voting rights outstanding, which include rights attached to shares held in treasury.

These potential voting rights are the ones used in determining when statutory disclosure thresholds have been exceeded.

IDENTITY OF SHAREHOLDERS (ARTICLE 7 OF THE ARTICLES OF ASSOCIATION)

The Company is entitled, under the applicable laws and regulations, to request information on the identity of the holders of securities granting immediate or future voting rights at its Shareholders Meetings and the number of voting rights held.

BUYBACK OF SHARES

At 31 December 2012 the Group held 12,788,628 treasury shares, representing 3.60% of share capital. On 29 March 2012 4,398,821 treasury shares were sold to General Motors as part of the strategic alliance with the US car maker.

At 31 December 2012, these shares were bought back for the following purposes:

- 8,064,858 for allocation on conversion of 23 June 2009 OCEANE convertible bonds;
- 4,371,970 to cover outstanding stock options;
- 300,000 for allocation to a future liquidity contract;
- 51,800 unallocated shares.

The Group may use the buyback authorisation given at the 25 April 2012 Shareholders' Meeting to purchase Peugeot S.A. shares into treasury. The Group bought back no shares in 2012.

For more information, please refer to note 27 to the 2011 consolidated financial statements as at 31 December 2012.

CANCELLATION OF SHARES

No shares were cancelled in 2012.

18.2. DIFFERENT VOTING RIGHTS

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.

The number of years the shares had to be held to qualify for double voting rights was raised from two to four at the Extraordinary Meeting of Shareholders on 29 June 1987. In the event of a capital increase through the capitalization of retained earnings, profits or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights will similarly carry double voting rights. In accordance with the law, double voting rights will be lost if the shares are converted into bearer form or transferred to another shareholder, unless the transfer takes place due to an inheritance, the liquidation of a marital estate or a gift to a spouse or heir.

18.3. OWNERSHIP AND CONTROL OF THE COMPANY'S SHARE CAPITAL

OTHER SHAREHOLDERS

There are no shareholders' pacts.

To the best of Peugeot S.A.'s knowledge, no shareholder other than the ones listed in the table below directly or indirectly own more than 5% of the Company's issued capital or voting rights.

The Company's share capital is controlled as described above. However, the Company considers that there is no risk that such control may be abused.

18.4. CHANGE OF OWNERSHIP

There are no shareholders' pacts in force among the companies making up the Peugeot family Group. However, these companies have signed a lock-up agreement concerning their Peugeot S.A. shares, in accordance with Articles 787-B and 885-I bis of the French General Tax Code.

The Company has been informed that the companies of the Peugeot family Group, consisting primarily of Établissements Peugeot Frères, FFP and SAPAR, have signed on 11 June and 19 December new lock-up agreements with respect to the Peugeot S.A. shares owned by them and by other family shareholders connected with them. These lock-up agreements hold for two years and were entered into pursuant to Article 787 B of the French General Tax Code and cover 23.19% of share capital as at this date. These lock-up agreements do not confer any priority selling rights on the parties. Detailed information about the lock-up agreements currently in effect is given on the following page of the Group's website: www.psa-peugeot-citroen.comhttp://www.psa-peugeot-citroen.com/en/analysts-and-investors/regulated-information.

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RELATED PARTY TRANSACTIONS

See note 39 to the consolidated financial statements in Chapter 20.3.

In addition, the Special Report of Statutory Auditors on related party agreements and commitments is presented below.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' special report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ending 31 December 2012

To the Shareholders,

In our capacity as Statutory Auditors of Peugeot S.A., we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is our responsibility to report to the shareholders the information pursuant to Article R.225-58 of the French Commercial Code relating to agreements and commitments previously approved by the Shareholders' Meeting during the year.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

1. AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS AUTHORISED DURING 2012

In accordance with Article L.225-88 of the French Commercial Code (*Code de commerce*), we were informed of the following agreement authorised by the supervisory board of Peugeot S.A.

1.1. Agreements and commitments with shareholders who detain more than 10% of voting right and with common directors

1.1.1. Acceptance of the subscription engagement letter from Etablissements Peugeot Frères ("EPF") and FFP

The supervisory board of Peugeot S.A. authorized on February, 27, 2012, the signature of the subscription engagement letter from EPF and FFP in the context of Peugeot S.A. capital increase realized on March, 29, 2012.

FFP and EPF committed themselves to exercise part of their preferential subscription right and to subscribe to the corresponding new shares. FFP promised to subscribe to a number of new shares for half of its preferential subscription right and EPF promised to subscribe to a number of new shares that represents a subscription amount equivalent to the proceed by EPF of its unused preferential subscription rights, with the effect of a neutral operation for EPF.

The number of shares that would result from the carrying out of such commitments is the following:

- For FFP: 13,771,232 new shares at €8.27, i.e. an amount of subscription of €113,888,089;
- For EPF: 3,196,848 new shares at €8.27, i.e. an amount of subscription of €26,437,933.

Common Directors when the agreement was signed and at the date of this report: Mrs Marie-Hélène Roncoroni and Messrs Thierry Peugeot, Jean-Philippe Peugeot and Robert Peugeot.

1.2. Agreement between entities with common directors

1.2.1. Agreements concluded in the context of the disposal of the shares in GEFCO S.A.

In the context of the disposal of 75% of the shares and voting rights in GEFCO S.A. to JSC Russian Railways ("RZD"), the supervisory board of Peugeot S.A. authorized on December, 28, 2012, the following agreements:

1. The "Transition Services Agreement" was signed on December, 20, 2012 between Peugeot S.A. and GEFCO and relates to the ongoing of mutual services for a period of six to twelve months, with a potential additional period of six months. This agreement aims to ensure for both Peugeot S.A. and GEFCO a good transition following the disposal to RZD.

   Services relate to legal, purchasing, human ressources, real estate and IT assistance.

   Depending on their nature, invoicing are based on an average hourly rate plus a 5% margin or on the same basis of the current price between the parties as at the signing date of the "*Share Purchase Agreement*" with RZD.

   No fees were invoiced in 2012 in respect to this agreement.

   Common directors at the signing date of the agreement and at the date of this report: Messrs Varin and Chasseloup de Chatillon.

2. The "*Shareholder Loan Agreement*" was signed on December, 18, 2012 between Peugeot S.A. and GEFCO. This agreement provisionally provides GEFCO with a credit facility taking the form of a shareholder loan.

   This credit facility amounts to a maximum of €350 million and will have to be reimbursed as soon as an external loan will be obtained by GEFCO and no later than June, 30, 2013. Interest rate is based on Euribor 1 month plus 6% on an annual basis.

   No invoiced was made in 2012. An amount of €706,044 was booked as revenue by Peugeot S.A. for 2012.

   Common directors at the signing date of the agreement: Mr Varin and Mr Chasseloup de Chatillon.

   Common directors at the date of this report: Mr Thierry Peugeot and Mr Chasseloup de Chatillon.

3. Three agreements were signed on December, 18, 2012 by Peugeot S.A.:

- a "*Delegation Agreement*" between Automobile Citröen ("AC") and GEFCO ;
- a "*Delegation Agreement*" between Automobile Peugeot ("AP") and GEFCO ;
- a "*Delegation Agreement*" between Peugeot Citröen Automobile ("PCA") and GEFCO ;

The aim of these agreements is to secure the rights of Peugeot S.A. regarding the credit facility as described in 2 above. Therefore, in the event of default by GEFCO in respect of the repayment to Peugeot S.A. of the credit facility, AC, AP and PCA may be asked to pay to Peugeot S.A. the amounts payable to GEFCO in respect of the logistic service agreement signed between AC, AP, PCA and GEFCO, up to the amount of the credit facility.

Common directors at the signing date of the agreement:

- *for PCA : Messrs Varin, Faury and Chasseloup de Chatillon.*
- *for AP : Messrs Saint-Geours and Chasseloup de Chatillon.*
- *for AC : Messrs Saint-Geours and Chasseloup de Chatillon.*
- *for GEFCO : Messrs Varin and Chasseloup de Chatillon.*

Common directors at the date of this report:

- *for PCA, AP, AC : same as common directors at the signing date of the agreement*
- *for GEFCO : Messrs Thierry Peugeot and Chasseloup de Chatillon.*

1.2.2. Cash collateral to secure the payment obligations of Automobile Peugeot ("AP"), Automobile Citroën ("AC") et Peugeot Citroën Automobiles ("PCA")

In its December 18, 2012 deliberations, the supervisory board authorized a cash collateral to secure the payment obligations of AP, AC and PCA.

In the context of a sale of receivables program arranged by Crédit Agricole Corporate and Investissement Bank in which PCA, AP and AC participated, Peugeot S.A. provided a cash collateral in favor of Ester Finance Titrisation, dealer of the receivables, in order to secure the payment obligations of PCA, AP and AC in respect of the program documentation.

For that purpose, an agreement named "Cash Collateral Agreement" was signed on December, 20, 2012 between Peugeot S.A., Crédit Agricole Corporate and Investissement Bank and Ester Finance Titrisation.

The cash collateral amounted to 30 million Euros as at January, 2, 2013 and was increased to €42 million as at January 30, 2013.

From 2013, Peugeot S.A. will invoice a fee of 0.12% of the amount of the cash collateral equally shared between AP, AC and PCA. Peugeot S.A. earned no fees in this respect in 2012.

Common directors at the signing date of the agreement and at the date of this report: Messrs Varin, Faury, Chasseloup de Chatillon and Saint-Geours.

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS

In accordance with Article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments approved by your Shareholders' Meeting in previous years remained in force during the past year.

2.1. Agreements and commitments between entities with common directors.

2.1.1. Surety and guarantee granted to the European Investment Bank ("EIB") in connection with the €400 million loan granted to Peugeot Citroën Automobiles S.A. ("PCA") in 2009

At its meeting of 10 February 2009, the supervisory board authorised a surety agreement and an agreement to pledge securities with the EIB in connection with the €400 million loan granted by the EIB to PCA for a maximum term of seven years.

Under these agreements, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan. It also undertook to pledge securities to the EIB as guarantee for PCA's payment and repayment obligations, covering 20% of 110% of the amount outstanding under the loan.

An annual guarantee fee of 0.12% is invoiced by Peugeot S.A. to PCA in consideration for the joint and several guarantee granted. The fee invoiced by Peugeot S.A. in respect of this agreement in 2012 totalled €480 thousand.

Common directors at the signing date of the agreement: Messrs Streiff, Olivier and Vardanega.

Common directors at the date of this report: Messrs Varin, Faury and Chasseloup de Chatillon.

2.1.2. Surety and guarantee granted to the European Investment Bank ("EIB") in connection with the €200 million loan granted to Peugeot Citroën Automobiles S.A. ("PCA") in August 2010

At its meeting of 27 July 2010, the supervisory board of Peugeot S.A. authorised a surety agreement with the EIB in connection with its €200 million loan granted to PCA for a maximum term of seven years.

Under this agreement, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan.

An annual guarantee fee of 0.12% is invoiced by Peugeot S.A. to PCA in consideration for the joint and several guarantee granted. The fee invoiced by Peugeot S.A. in respect of this agreement in 2012 totalled €240 thousand.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Saint-Geours.

Common directors at the date of this report: Messrs Varin, Faury and Chasseloup de Chatillon.

2.1.3. Surety and guarantee granted to the European Investment Bank ("EIB") in connection with the €125 million loan granted to Peugeot Citroën Automobiles S.A. ("PCA") in November 2011

At its meeting of 25 July 2011, the supervisory board of Peugeot S.A. authorised a surety agreement to pledge securities with the EIB in connection with the €120 million loan granted by the EIB to PCA for a maximum term of seven years.

Under this agreement, Peugeot S.A. granted a joint and several guarantee to the EIB on behalf of its subsidiary PCA, covering all amounts including principal, interest and any ancillary sums due by PCA under the EIB loan.

An annual guarantee fee of 0.12% is invoiced by Peugeot S.A. to PCA in consideration for the joint and several guarantee granted. The fee invoiced by Peugeot S.A. in respect of this agreement in 2012 totalled €150 thousand.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Saint-Geours.

Common directors at the date of this report: Messrs Varin, Faury and Chasseloup de Chatillon.

2.1.4. Share of Group general and administrative expenses

In 2012, a total amount of €97,060,520 was received by Peugeot S.A. in respect of subsidiaries' share of Group general and administrative expenses.

Common directors in 2012 :

- *for PCA : Messrs Varin, Faury, Chasseloup de Chatillon and Saint-Geours.*
- *for AP : Messrs Saint-Geours, Gales and Chasseloup de Chatillon.*
- *for AC : Messrs Saint-Geours, Gales and Chasseloup de Chatillon.*
- *for PMTC : Mr Gales.*
- *for BPF : Messrs Varin, Gales and Saint-Geours.*
- *for GEFCO : Messrs Varin, Saint-Geours, Thierry Peugeot and Chasseloup de Chatillon.*

Common directors at the date of this report:

- *for PCA : Messrs Varin, Faury et Chasseloup de Chatillon.*
- *for AP : Messrs Saint-Geours et Chasseloup de Chatillon.*
- *for AC : Messrs Saint-Geours et Chasseloup de Chatillon.*
- *for PMTC : None.*
- *for BPF : Messrs Varin and Saint-Geours.*
- *for GEFCO : Messrs Thierry Peugeot and Chasseloup de Chatillon.*

Courbevoie and Paris-La Défense, March 18, 2013

The Statutory Auditors

French original signed by

Mazars		**Ernst & Young et Autres**	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

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FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1. HISTORICAL FINANCIAL INFORMATION

In compliance with Article 28 of EC regulation No. 809/2004, the following information is incorporated by reference in the Registration Document:

2011 FINANCIAL INFORMATION

Required disclosures in the report of the Managing Board appearing on page 402, the consolidated financial statements are presented on pages 226 to 333 and the corresponding Auditors' Report is presented on pages 224 and 225 of the 2011 Registration Document filed with the Autorité des marchés financiers (No. D. 12-0128) on 5 March 2012.

2010 FINANCIAL INFORMATION

Required disclosures in the report of the Managing Board appearing on page 370, the consolidated financial statements are presented on pages 204 to 310 and the corresponding Auditors' Report is presented on pages 202 and 203 of the 2010 Registration Document filed with the *Autorité des marchés financiers* (No. D. 11-0353) on 22 April 2011.

2010 CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Sales and Revenue*	54,502	1,852	(293)	56,061
Recurring operating income (loss)	1,289	507	-	1,796
Non-recurring operating income (expense)	(87)	27	-	(60)
Operating income (loss)	**1,202**	**534**	**-**	**1,736**
Consolidated profit (loss) for the period	862	394	-	1,256
Attributable to equity holders of the parent	*744*	*388*	*2*	*1,134*
Attributable to minority interests	*118*	*6*	*(2)*	*122*
(in euros)				
Basic earnings (loss) per €1 par value share				5.00

* *Including EMCOM and PLASTAL in 2010.*

2010 CONSOLIDATED BALANCE SHEET

ASSETS

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Total non-current assets	22,646	362*	(25)	22,983
Total current assets	19,710	26,387*	(589)	45,508
TOTAL ASSETS	**42,356**	**26,749**	**(614)**	**68,491**

* *Versus respectively €460 and 26,289 million previously reported in 2010, due to reclassification of the units in Brazilian FIDC funds from "non-current assets" to "current assets".*

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	Total
Total equity				14,303
Total non-current liabilities	12,225	412	-	12,637
Total current liabilities	19,342	22,823	(614)	41,551
TOTAL EQUITY AND LIABILITIES				**68,491**

2010 CONSOLIDATED CASH FLOW STATEMENTS

(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) for the period	862	394	-	1,256
Working capital provided by operations	3,257	350	-	3,607
Net cash from (used in) operating activities	3,774	154	117	4,045
Net cash used in investing activities	(2,804)	(1)	3	(2,802)
Net cash from/(used in) financing activities	375	(137)	(132)	106
Effect of changes in exchange rates	91	11	-	102
Net increase (decrease) in cash and cash equivalents	1,436	27	(12)	1,451
Net cash and cash equivalents at beginning of year	7,817	1,289	(115)	8,991
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**9,253**	**1,316**	**(127)**	**10,442**

20.2. *PRO FORMA* FINANCIAL INFORMATION

Not applicable.

20.3. CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012

20.3.1. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' Report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures. This report also includes information relating to the specific verification of information given in the Group's Management Report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Financial year ended 31 December 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Managing Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, given the context of the Group's economic and financial environment as described in the Group's Management Report, we draw your attention to the following notes to the financial statements:

- note 1.4. on significant estimates and assumptions which specifies the accounts for which estimates and assumptions used are particularly sensitive;
- note 8.1. on the impairment test on the assets of the automotive segment which leads to the recognition of an impairment for an amount of €3,009 million;
- note 12.1.C. on the impairment test on deferred tax assets which leads to the recognition of an impairment for a net amount of €879 million;
- note 37. which sets out the Group's and Banque PSA Finance's liquidity position.

II. JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used to prepare the consolidated financial statements as at 31 December 2012 and the assessment of the liquidity position have been made in a context of economic and financial crisis weighing heavily on the automotive market, which has made it more difficult to assess the economic outlook. In this context, in accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- the preparation of the consolidated financial statements requires your company to make estimates and assumptions regarding the valuation of certain assets, liabilities, income and expenses, the most significant of which are outlined in note 1.4 to the consolidated financial statements "Accounting principles – Use of Estimates and Assumptions." For all of these matters, we examined the appropriateness of the accounting rules and methods used and the information given in the notes to the financial statements. In addition, we examined the consistency of the assumptions used, their translation into figures, and the available documentation, and on that basis we assessed the reasonableness of the estimates made;
- note 1.15. to the consolidated financial statements "Accounting Principles – Impairment of Long-Lived Assets" describes the accounting methods and assumptions used for impairment tests. According to note 8.1 "Impairment Loss on Automotive Division CGUs and Provisions for Automotive Division Onerous Contracts", impairment tests led to the recognition of an impairment on the Automotive Division CGU's assets for €3,009 million. Impairments of specific assets and additional provisions for onerous contracts were also recorded. Regarding the Automotive Division CGU, we verified that the impairment tests were carried out correctly, we verified the reasonableness of the underlying estimates and assumptions, we reviewed the calculations which led to the recognition of the impairment and we verified that the notes mentioned above provide relevant information;
- as indicated in note 1.19. "Accounting Principles – Deferred Taxes," deferred tax assets and liabilities are accounted for in the statement of financial position as set forth in note 12 "Income tax". This note indicates amongst other things that, in the absence of any prospect of recovery in the medium-term plan, tax-loss carry forwards relating to the French tax consolidation have been fully depreciated for a net amount of €879 million. We examined the Group's tax forecasts, deferred tax assets and liabilities timelines and the consistency of overall assumptions used for this depreciation;
- within the context of our assessment of the continuity of the Company as a going concern, we made an in-depth review of the liquidity position of the Group and of Banque PSA Finance detailed in notes 30 *et seq.* and note 37 to the consolidated financial statements. We notably reviewed the cashflow forecasts, the debt schedules, the covenants applicable to them, and the provisions relating to the State guarantee for the refinancing of Banque PSA Finance.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, 12 February 2013

The Statutory Auditors

French original signed by

Mazars		Ernst & Young et Autres	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

20.3.2. CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	2012			
	Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations				
Sales and revenue (Note 5)	53,860	1,910	(324)	55,446
Cost of goods and services sold	(46,781)	(1,125)	324	(47,582)
Selling, general and administrative expenses	(5,999)	(394)	-	(6,393)
Research and development expenses (Note 7)	(2,047)	-	-	(2,047)
Recurring operating income (loss)	(967)	391	-	(576)
Non-recurring operating income (Note 8)	406	-	-	406
Non-recurring operating expenses (Note 8)	(4,527)	(1)	-	(4,528)
Operating income (loss)	**(5,088)**	**390**	**-**	**(4,698)**
Interest income (Note 9)	72	-	-	72
Finance costs (Note 10)	(442)	-	-	(442)
Other financial income (Note 11)	318	3	-	321
Other financial expenses (Note 11)	(366)	(3)	-	(369)
Income (loss) before tax of fully consolidated companies	**(5,506)**	**390**	**-**	**(5,116)**
Current taxes	(251)	(138)	-	(389)
Deferred taxes	(417)	34	-	(383)
Income taxes (Note 12)	**(668)**	**(104)**	**-**	**(772)**
Share in net earnings of companies at equity (Note 16)	153	7	-	160
Consolidated profit (loss) from continuing operations	(6,021)	293	-	(5,728)
Attributable to equity holders of the parent	*(6,103)*	*281*		*(5,822)*
Discontinued operations				
Profit (loss) from discontinued operations	803	-	-	803
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**(5,218)**	**293**	**-**	**(4,925)**
Attributable to equity holders of the parent	(5,296)	281	5	(5,010)
Attributable to minority interests	78	12	(5)	85

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(18.13)
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(15.60)
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	(18.13)
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	(15.60)

(in million euros)	2011 Manufacturing and sales companies	2011 Finance companies	2011 Eliminations	2011 Total
Continuing operations				
Sales and revenue (Note 5)	56,926	1,902	(319)	58,509
Cost of goods and services sold	(48,190)	(985)	319	(48,856)
Selling, general and administrative expenses	(6,023)	(385)	-	(6,408)
Research and development expenses (Note 7)	(2,152)	-	-	(2,152)
Recurring operating income (loss)	561	532	-	1,093
Non-recurring operating income (Note 8)	46	-	-	46
Non-recurring operating expenses (Note 8)	(463)	-	-	(463)
Operating income (loss)	**144**	**532**	**-**	**676**
Interest income (Note 9)	113	-	-	113
Finance costs (Note 10)	(328)	-	-	(328)
Other financial income (Note 11)	211	2	-	213
Other financial expenses (Note 11)	(324)	(3)	-	(327)
Income (loss) before tax of fully consolidated companies	**(184)**	**531**	**-**	**347**
Current taxes	(117)	(218)	-	(335)
Deferred taxes	412	38	-	450
Income taxes (Note 12)	**295**	**(180)**	**-**	**115**
Share in net earnings of companies at equity (Note 16)	169	3	-	172
Consolidated profit (loss) from continuing operations	280	354	-	634
Attributable to equity holders of the parent	*93*	*345*		*438*
Discontinued operations				
Profit (loss) from discontinued operations	150	-	-	150
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**430**	**354**	**-**	**784**
Attributable to equity holders of the parent	238	345	5	588
Attributable to minority interests	192	9	(5)	196

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	1.97
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	2.64
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13)	1.89
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 13)	2.56

The 2011 financial statements for the manufacturing companies were restated pursuant to IFRS 5. The impact on the 2011 consolidated financial statements is presented in Note 2.

20.3.3. CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY

	2012		
(in million euros)	Before tax	Income tax benefit (expense)	After tax
Consolidated profit (loss) for the year	(4,153)	(772)	(4,925)
Fair value adjustments to cash flow hedges	(2)	3	1
• of which, reclassified to the income statement	42	(6)	36
• of which, recognised in equity during the period	(44)	9	(35)
Gains and losses from remeasurement at fair value of available-for-sale financial assets	50	(2)	48
• of which, reclassified to the income statement	2	-	2
• of which, recognised in equity during the period	48	(2)	46
Exchange differences on translating foreign operations	(134)	-	(134)
• of which, reclassified to the income statement	-	-	-
• of which, recognised in equity during the period	(134)	-	(134)
Income and expenses recognised directly in equity, net [(1)]	**(86)**	**1**	**(85)**
• of which, companies at equity	(19)	-	(19)
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**(4,239)**	**(771)**	**(5,010)**
• of which, attributable to equity holders of the parent			(5,089)
• of which, attributable to minority interests			79

(1) Items of income and expenses recognised directly in equity may be reclassified to profit or loss.

Income and expenses recognised directly in equity correspond to all changes in equity resulting from transactions with third parties other than shareholders.

(in million euros)	2011 Before tax	2011 Income tax benefit (expense)	2011 After tax
Consolidated profit (loss) for the period	669	115	784
Fair value adjustments to cash flow hedges	(128)	42	(86)
• of which, reclassified to the income statement	(34)	12	(22)
• of which, recognised in equity during the period	(94)	30	(64)
Gains and losses from remeasurement at fair value of available-for-sale financial assets	(68)	-	(68)
• of which, reclassified to the income statement	-	-	-
• of which, recognised in equity during the period	(68)	-	(68)
Exchange differences on translating foreign operations	10	-	10
• of which, reclassified to the income statement	10	-	10
• of which, recognised in equity during the period	-	-	-
Income and expenses recognised directly in equity, net [1]	**(186)**	**42**	**(144)**
• of which, companies at equity	98	-	98
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**483**	**157**	**640**
• of which, attributable to equity holders of the parent			444
• of which, attributable to minority interests			196

(1) Items of income and expenses recognised directly in equity may be reclassified to profit or loss.

20.3.4. CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	31 December 2012 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations				
Goodwill (Note 14)	1,487	77	-	1,564
Intangible assets (Note 14)	4,047	86	-	4,133
Property, plant and equipment (Note 15)	12,423	15	-	12,438
Investments in companies at equity (Note 16)	1,490	46	-	1,536
Investments in non-consolidated companies (Note 17)	50	12	-	62
Other non-current financial assets (Note 18)	664	108	-	772
Other non-current assets (Note 19)	513	5	-	518
Deferred tax assets (Note 12)	498	76	-	574
Total non-current assets	21,172	425	-	21,597
Operating assets				
Loans and receivables - finance companies (Note 20)	-	23,146	(51)	23,095
Short-term investments - finance companies (Note 21)	-	867	-	867
Inventories (Note 22)	6,193	-	-	6,193
Trade receivables - manufacturing and sales companies (Note 23)	2,014	-	(187)	1,827
Current taxes (Note 12)	105	62	(17)	150
Other receivables (Note 24)	1,966	955	(122)	2,799
	10,278	**25,030**	**(377)**	**34,931**
Current financial assets (Note 25)	**1,501**	**-**	**-**	**1,501**
Cash and cash equivalents (Note 26)	**5,421**	**1,669**	**(279)**	**6,811**
Total current assets	17,200	26,699	(656)	43,243
Total assets of continuing operations	**38,372**	**27,124**	**(656)**	**64,840**
Total assets held for sale	**9**	**-**	**-**	**9**
TOTAL ASSETS	**38,381**	**27,124**	**(656)**	**64,849**

EQUITY AND LIABILITIES

Equity (Note 27)				
Share capital				355
Treasury stock				(351)
Retained earnings and other accumulated equity, excluding minority interests				9,818
Minority interests				735
Total equity				10,557
Continuing operations				
Non-current financial liabilities (Note 30)	7,828	-	-	7,828
Other non-current liabilities (Note 31)	3,184	-	-	3,184
Non-current provisions (Note 28)	631	15	-	646
Deferred tax liabilities (Note 12)	585	327	-	912
Total non-current liabilities	12,228	342	-	12,570
Operating liabilities				
Financing liabilities (Note 32)	-	22,140	(279)	21,861
Current provisions (Note 28)	2,988	76	-	3,064
Trade payables	8,472	-	(9)	8,463
Current taxes (Note 12)	130	54	(17)	167
Other payables (Note 33)	4,475	1,091	(309)	5,257
	16,065	**23,361**	**(614)**	**38,812**
Current financial liabilities (Note 30)	**2,906**	**-**	**(42)**	**2,864**
Total current liabilities	18,971	23,361	(656)	41,676
Total liabilities of continuing operations [(1)]	**31,199**	**23,703**	**(656)**	**54,246**
Total liabilities related to assets held for sale	**46**	**-**	**-**	**46**
TOTAL EQUITY AND LIABILITIES				**64,849**

(1) Excluding equity.

ASSETS

(in million euros)	31 December 2011 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations				
Goodwill (Note 14)	1,505	77	-	1,582
Intangible assets (Note 14)	5,378	91	-	5,469
Property, plant and equipment (Note 15)	14,059	15	-	14,074
Investments in companies at equity (Note 16)	1,410	62	-	1,472
Investments in non-consolidated companies (Note 17)	84	2	-	86
Other non-current financial assets (Note 18)	1,035	51	(25)	1,061
Other non-current assets (Note 19)	445	7	-	452
Deferred tax assets (Note 12)	1,370	62	-	1,432
Total non-current assets	25,286	367	(25)	25,628
Operating assets				
Loans and receivables - finance companies (Note 20)	-	24,387	(80)	24,307
Short-term investments - finance companies (Note 21)	-	877	-	877
Inventories (Note 22)	6,609	-	-	6,609
Trade receivables - manufacturing and sales companies (Note 23)	2,387	-	(167)	2,220
Current taxes (Note 12)	164	8	(2)	170
Other receivables (Note 24)	**1,935**	**1,005**	**(145)**	**2,795**
	11,095	**26,277**	**(394)**	**36,978**
Current financial assets (Note 25)	**265**	**-**	**-**	**265**
Cash and cash equivalents (Note 26)	**5,190**	**1,154**	**(224)**	**6,120**
Total current assets	16,550	27,431	(618)	43,363
Total assets of continuing operations	**41,836**	**27,798**	**(643)**	**68,991**
Total assets held for sale	**-**	**-**	**-**	**-**
TOTAL ASSETS	**41,836**	**27,798**	**(643)**	**68,991**

EQUITY AND LIABILITIES

Equity (Note 27)				
Share capital				234
Treasury stock				(502)
Retained earnings and other accumulated equity, excluding minority interests				14,104
Minority interests				658
Total equity				14,494
Continuing operations				
Non-current financial liabilities (Note 30)	7,639	-	-	7,639
Other non-current liabilities (Note 31)	2,865	-	-	2,865
Non-current provisions (Note 28)	696	16	-	712
Deferred tax liabilities (Note 12)	984	353	-	1,337
Total non-current liabilities	12,184	369	-	12,553
Operating liabilities				
Financing liabilities (Note 32)	-	22,543	(257)	22,286
Current provisions (Note 28)	2,242	57	-	2,299
Trade payables	9,675	-	(10)	9,665
Current taxes (Note 12)	88	34	(2)	120
Other payables (Note 33)	**4,634**	**1,104**	**(304)**	**5,434**
	16,639	**23,738**	**(573)**	**39,804**
Current financial liabilities (Note 30)	**2,210**	**-**	**(70)**	**2,140**
Total current liabilities	18,849	23,738	(643)	41,944
Total liabilities of continuing operations (1)	**31,033**	**24,107**	**(643)**	**54,497**
Total liabilities related to assets held for sale	-	-	-	-
TOTAL EQUITY AND LIABILITIES				**68,991**

(1) Excluding equity.

20.3.5. CONSOLIDATED STATEMENTS OF CASH FLOWS

	2012			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations	**(6,021)**	**293**	**-**	**(5,728)**
Adjustment for non-cash items:				
• Depreciation, amortisation and impairment (Note 35.5)	6,098	18	-	6,116
• Provisions	691	20	-	711
• Changes in deferred tax	420	(35)	-	385
• (Gains) losses on disposals and other	(312)	1	-	(311)
Share in net (earnings) losses of companies at equity, net of dividends received	(29)	(7)	-	(36)
Revaluation adjustments taken to equity and hedges of debt	154	-	-	154
Change in carrying amount of leased vehicles	32	-	-	32
Funds from operations (1)	**1,033**	**290**	**-**	**1,323**
Change in working capital (Note 35.2)	(602)	760	(64)	94
Net cash from (used in) operating activities	431	1,050	(64)	1,417
Proceeds from disposals of shares in consolidated companies	831	21	-	852
Proceeds from disposals of investments in non-consolidated companies	(1)	-	-	(1)
Acquisitions of shares in consolidated companies	(288)	-	-	(288)
Investments in non-consolidated companies	(4)	(10)	-	(14)
Proceeds from disposals of property, plant and equipment	666	7	-	673
Proceeds from disposals of intangible assets	12	-	-	12
Investments in property, plant and equipment	(2,267)	(12)	-	(2,279)
Investments in intangible assets	(1,442)	(8)	-	(1,450)
Change in amounts payable on fixed assets	40	-	-	40
Other	3	1	3	7
Net cash from (used in) investing activities	(2,450)	(1)	3	(2,448)
Dividends paid:				
• To Peugeot S.A. shareholders	-	-	-	-
• Intragroup	532	(532)	-	-
• To minority shareholders of subsidiaries	(37)	-	-	(37)
Dividends received from Gefco S.A.	100	-	-	100
Proceeds from issuance of shares	1,028	-	-	1,028
(Purchases) sales of treasury stock	89	-	-	89
Changes in other financial assets and liabilities (Note 35.4)	675	-	4	679
Net cash from (used in) financing activities	2,387	(532)	4	1,859
Effect of changes in exchange rates	(6)	(2)	2	(6)
Net increase (decrease) in cash and cash equivalents from continuing operations	362	515	(55)	822
Net cash from discontinued operations (2)	345	-	(1)	344
Net cash and cash equivalents at beginning of year	4,692	1,154	(223)	5,623
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 35.1)	**5,399**	**1,669**	**(279)**	**6,789**

(1) *Interest received and paid by the manufacturing and sales companies is presented in Note 35.6. Income tax paid (net of refunds) during the year is presented in Note 12.3.*

(2) *The cash flows of the manufacturing and sales companies include the dividends paid by the Gefco Group prior to the 20 September 2012 announcement that PSA Peugeot Citroën was entering into exclusive negotiations with RZD regarding a possible sale of shares.*

(in million euros)	2011 Manufacturing and sales companies	2011 Finance companies	2011 Eliminations	2011 Total
Consolidated profit (loss) from continuing operations	**280**	**354**	**-**	**634**
Adjustment for non-cash items:				
• Depreciation, amortisation and impairment (Note 35.5)	2,964	17	-	2,981
• Provisions	(208)	10	-	(198)
• Changes in deferred tax	(411)	(39)	-	(450)
• (Gains) losses on disposals and other	14	-	-	14
Share in net (earnings) losses of companies at equity, net of dividends received	(67)	(3)	-	(70)
Revaluation adjustments taken to equity and hedges of debt	(136)	-	-	(136)
Change in carrying amount of leased vehicles	(41)	-	-	(41)
Funds from operations (1)	**2,395**	**339**	**-**	**2,734**
Change in working capital (Note 35.2)	(678)	(322)	(179)	(1,179)
Net cash from (used in) operating activities	1,717	17	(179)	1,555
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	1	-	-	1
Acquisitions of shares in consolidated companies	(61)	-	-	(61)
Investments in non-consolidated companies	(34)	-	-	(34)
Proceeds from disposals of property, plant and equipment	82	7	-	89
Proceeds from disposals of intangible assets	7	-	-	7
Investments in property, plant and equipment	(2,190)	(14)	-	(2,204)
Investments in intangible assets	(1,416)	(12)	-	(1,428)
Change in amounts payable on fixed assets	85	-	-	85
Other	(109)	-	-	(109)
Net cash from (used in) investing activities	(3,635)	(19)	-	(3,654)
Dividends paid:				
• To Peugeot S.A. shareholders	(250)	-	-	(250)
• Intragroup	155	(155)	-	-
• To minority shareholders of subsidiaries	(36)	(3)	-	(39)
Dividends received from Gefco S.A.	-	-	-	-
Proceeds from issuance of shares	1	-	-	1
(Purchases) sales of treasury stock	(199)	-	-	(199)
Changes in other financial assets and liabilities (Note 35.4)	(2,334)	-	78	(2,256)
Net cash from (used in) financing activities	(2,663)	(158)	78	(2,743)
Effect of changes in exchange rates	5	(2)	2	5
Net increase (decrease) in cash and cash equivalents from continuing operations	(4,576)	(162)	(99)	(4,837)
Net cash from discontinued operations	15	-	3	18
Net cash and cash equivalents at beginning of year	9,253	1,316	(127)	10,442
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 35.1)	**4,962**	**1,154**	**(223)**	**5,623**

(1) Interest received and paid by the manufacturing and sales companies is presented in Note 35.6. Income tax paid (net of refunds) during the year is presented in Note 12.3.

The 2011 financial statements for the manufacturing companies were restated pursuant to IFRS 5. The impact on the 2011 consolidated financial statements is presented in Note 2.

20.3.6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Other accumulated equity – Excluding minority interests					
(in million euros)	Share capital	Treasury stock	Retained earnings	Cash flow hedges	Available-for-sale financial assets	Translation adjustments	Equity - Attributable to equity holders of the parent	Equity - Minority interests	Total equity
At 31 December 2010	234	(303)	13,499	44	100	254	13,828	475	14,303
Income and expenses recognised directly in equity	-	-	588	(84)	(68)	8	444	196	640
Measurement of stock options and performance share grants	-	-	11	-	-	-	11	4	15
Minority shareholder puts	-	-	-	-	-	-	-	9	9
Changes in scope of consolidation and other	-	-	(2)	-	-	-	(2)	13	11
Treasury stock	-	(199)	4	-	-	-	(195)	3	(192)
Conversion option embedded in convertible bonds (Note 30.1)	-	-	-	-	-	-	-	-	-
Dividends paid by Peugeot S.A. (€1.1 per €1 par value share)	-	-	(250)	-	-	-	(250)	-	(250)
Dividends paid by other Group companies	-	-	-	-	-	-	-	(42)	(42)
At 31 December 2011	234	(502)	13,850	(40)	32	262	13,836	658	14,494
Income and expenses recognised directly in equity	-	-	(5,010)	(2)	48	(125)	(5,089)	79	(5,010)
Measurement of stock options and performance share grants	-	-	(5)	-	-	-	(5)	(1)	(6)
Minority shareholder puts	-	-	-	-	-	-	-	15	15
Effect of changes in scope of consolidation and other	-	-	(5)	-	-	-	(5)	10	5
Issuance of shares (Note 27)	121	-	845	-	-	-	966	-	966
Treasury stock	-	151	(62)	-	-	-	89	-	89
Conversion option embedded in convertible bonds (Note 30.1)	-	-	30	-	-	-	30	22	52
Dividends paid by Peugeot S.A.	-	-	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	(48)	(48)
AT 31 DECEMBER 2012	**355**	**(351)**	**9,643**	**(42)**	**80**	**137**	**9,822**	**735**	**10,557**

20.3.7. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

PRELIMINARY NOTE

The consolidated financial statements for 2012 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 6 February 2013, with Note 41 taking into account events that occurred in the period up to the Supervisory Board meeting on 12 February 2013.

NOTE 1 ACCOUNTING POLICIES

The PSA Peugeot Citroën Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union on 31 December 2012, the balance sheet date [(1)].

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

All IFRS standards and interpretations published by the IASB and the IFRS Interpretation Committee whose application is compulsory in financial years beginning on or after 1 January 2012 have been adopted for use and are compulsory in the European Union, except for IAS 39 which has only been partially adopted for use in the European Union. There are no items in the PSA Peugeot Citroën Group's financial statements that would be affected by the unadopted provisions of this standard.

Consequently, the Group's consolidated financial statements have been prepared in accordance with all the compulsory standards and interpretations published by IASB and IFRIC.

NEW COMPULSORY STANDARDS AND INTERPRETATIONS

At 31 December 2012, the new compulsory standards in the European Union, applied for the first time by the PSA Peugeot Citroën Group, were as follows:

- *amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets*. This amendment requires additional disclosures for transfers of financial assets, such as securitisations and sales of receivables. This amendment had little material impact on the information already disclosed by the Group.

The Group is not affected by the other texts newly adopted for use in the European Union.

EARLY-ADOPTED STANDARDS AND INTERPRETATIONS

The Group did not early adopt any standards or interpretations that had been adopted for use in the European Union as of the balance sheet date but whose application was not compulsory until financial years beginning after 1 January 2012.

NEW STANDARDS AND INTERPRETATIONS NOT EARLY ADOPTED

The following standards, adopted for use in the European Union, will be applicable by the Group from 1 January 2013:

- *amendment to IAS 19 Employee Benefits*. This amendment eliminates the option of applying the corridor approach that is currently used by the Group. As a result, all actuarial gains and losses and past service costs will be recognised immediately in liabilities (see Note 29 "Pensions and other post-employment benefits"). Actuarial gains and losses for each period will be recorded systematically in "Income and expenses recognised directly in equity" and past service costs will be recorded in the income statement. The amendment also specifies the reference bond yields to be used to determine the discount rate applied for the calculation of the net benefit obligation;
- *amendment to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*. This amendment will not have a material impact on the presentation of the Group's published financial statements;
- *IFRS 13 Fair Value Measurement*, which specifies how to determine fair value when another IFRS requires or permits fair value measurements. Adoption of this standard will not result in any additional fair value measurements;
- *amendment to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.*

The following standards, adopted for use in the European Union, will be applicable by the Group from 1 January 2014:

- *IFRS 10 Consolidated Financial Statements* and amendment to *IAS 27 Separate Financial Statements*, which together will replace the current *IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities*. These standards define control as being exercised when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee;
- *IFRS 11 Joint arrangements and amendment to IAS 28 Investments in Associates and Joint Ventures*, which will replace *IAS 31 Interests in Joint Ventures*, the current *IAS 28 Investments in Associates and SIC 13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. The standards mainly prescribe two different accounting treatments.

(1) The International Financial Reporting Standards adopted for use in the European Union can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

Joint arrangements qualifying as joint operations will be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity.

Joint arrangements that are qualified as joint ventures because the parties have rights to the net assets of the arrangement will be accounted for using the equity method;

- *IFRS 12 Disclosure of Interests in Other Entities*. This standard specifies the required disclosures concerning subsidiaries, joint arrangements, associates and unconsolidated SPEs/structured entities;
- *amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. This amendment clarifies the offsetting rules contained in the current IAS 32.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED FOR USE IN THE EUROPEAN UNION

The potential impact of the main standards and interpretations published by the IASB and the IFRS Interpretation Committee that had not yet been adopted for use in the European Union at the balance sheet date is currently being assessed. It is primarily the new standards that may be applicable for financial years beginning on or after 1 January 2015 that could impact the Group's financial statements:

- *IFRS 9 Financial Instruments, Phase 1 – Classification and Measurement*, which will replace part of *IAS 39 Financial Instruments: Recognition and Measurement*. This standard is the outcome of the first of three phases in the IASB's financial instruments project, which dealt solely with the classification and measurement of financial instruments;
- *amendment to IFRS 7 Financial Instruments: Transition Disclosures*, setting out the required disclosures upon first-time adoption of IFRS 9 and about the transition from IAS 39 to IFRS 9.

The Group does not expect the other standards that may apply for financial years beginning on or after 1 January 2013 and on or after 1 January 2014 to have a material impact on the Group's financial statements.

There are currently no plans to early adopt these standards.

1.1. CONSOLIDATION

A. CONSOLIDATION METHODS

The generic name PSA Peugeot Citroën refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:

- revenue in excess of €50 million;
- total assets in excess of €20 million;
- total debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting principles described in Note 1.16.B(2)(a). Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions and internal margins are eliminated in consolidation.

The Group attributes the profit or loss of a subsidiary between the parent and minority interests based on their respective ownership interests. As a result, if there is no agreement committing the parent to absorbing the losses of the subsidiary, minority interests may be negative.

B. CHANGES IN SCOPE OF CONSOLIDATION RESULTING IN EXCLUSIVE CONTROL

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with *IFRS 3 (revised) – Business Combinations*.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (r*evised*). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognised in the acquiree's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account the acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.

In the case of a bargain purchase, the resulting gain is recognised as non-recurring income, if the amount is material.

Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss.

In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognised as non-recurring income or expense.

C. OTHER CHANGES IN SCOPE OF CONSOLIDATION

Following any change in ownership interest that results in the loss of control of an entity, the initial interest is remeasured at fair value and the gain or loss is recognised in non-recurring operating income or expense (if material).

Changes in ownership interests that do not result in a loss of control of the subsidiary are accounted for as equity transactions (transactions with owners in their capacity as owners) and therefore lead to equity, including transaction costs, being reallocated between the parent and the minority interests.

Puttable financial instruments - corresponding to put options granted to minority shareholders - are recognised as debt in accordance with the principles described in Note 1.16.E.

1.2. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

A. STANDARD METHOD

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year- end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

B. SPECIFIC METHOD

The functional currency of some subsidiaries outside the euro zone is considered to be the euro because the majority of their transactions are denominated in this currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

1.3. TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are measured and recognised in accordance with *IAS 21 – the Effects of Changes in Foreign Exchange Rates*. In compliance with this standard, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.

At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

Derivative instruments are measured and recognised in accordance with the general principles described in Note 1.16.D. Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognised in the balance sheet and remeasured at fair value at each balance sheet date.

The gain or loss from remeasuring derivative instruments at fair value is recognised as follows:

- in recurring operating income, for commercial transactions carried out by Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies;
- directly in equity for hedges of future transactions (for the effective portion of the gain or loss on the hedging instrument). The amount recognised in equity is reclassified into profit or loss when the hedged item affects profit or loss. The ineffective portion is recognised in the income statement under "Other financial income" or "Other financial expenses".

1.4. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience.

Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

To reduce uncertainty, estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately.

The main items determined on the basis of estimates and assumptions are as follows:

- pension obligations (see Note 29);
- provisions (particularly vehicle warranty provisions, restructuring provisions and provisions for onerous contracts, claims and litigation) (see Note 28 and Note 8.1);
- the recoverable amount and useful life of property, plant and equipment and intangible assets (see Note 8.1);
- the recoverable amount of finance receivables, inventories and other receivables (see Note 20.4, Note 22 and Note 23);
- the fair value of derivative financial instruments (see Note 36);
- deferred tax assets (see Note 12);
- sales incentives (see Note 1.6).

For the preparation of the 2012 annual financial statements, special attention was paid to the following items which are particularly exposed to estimation uncertainty in a crisis environment:

- the recoverable amount of Automotive Division intangible assets and property, plant and equipment (see Note 8.1);
- provision for onerous contracts entered into pursuant to cooperation agreements (see Note 8.1);
- deferred tax assets (see Note 12);
- receivables – finance companies (see Note 20).

1.5. REVENUE

A. MANUFACTURING AND SALES COMPANIES

(a) Automotive Division

Revenue of the manufacturing and sales companies includes revenues from the sale and leasing of vehicles and the sale of other goods and services.

In accordance with *IAS 18 – Revenue,* new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical sub-assemblies that are intended to be bought back at cost are not included in revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which it is sold on the used vehicle market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

(b) Automotive Equipment Division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development and tooling costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work and tooling cannot be considered as having being sold. The development costs are recognised in intangible assets (see Note 1.13.A) and tooling in property, plant and equipment (see Note 1.14.A).

If the contract includes a payment guarantee, the development and tooling costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

B. FINANCE COMPANIES

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance Group's net financial commitment (see Note 1.16.A). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

1.6. SALES INCENTIVES

The cost of current and future sales incentive programmes is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

1.7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

General and administrative expenses include the Contribution Economique Territoriale (CET), the business tax in France that replaced the Taxe Professionnelle as of 1 January 2010. The CET comprises a tax on property (*Contribution Foncière des Entreprises* - CFE) and a tax on value added (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE). The CFE is assessed on the rental value of real estate subject to property tax (*Taxe Foncière*), while the CVAE is assessed at the rate of 1.5% of value added.

WARRANTIES

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

1.8. RESEARCH AND DEVELOPMENT EXPENDITURE

Under *IAS 38 - Intangible Assets,* research expenditure is recognised as an expense, while development expenditure is recognised as an intangible asset when certain conditions are met (see Note 1.13.A).

In accordance with this standard, all research costs and all development expenditure other than that described in Note 1.13.A are recognised as an expense for the period in which they are incurred.

1.9. OPERATING INCOME (LOSS)

Operating income corresponds to profit before net financial income or expense, current and deferred taxes and the Group's share in the net earnings of companies at equity.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring income and expenses, defined as material items of income and expense that are unusual in nature or infrequent in occurrence whose inclusion in operating income creates a distorted view of the Group's underlying performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see Note 8):

- restructuring and early-termination plan costs;
- impairment losses (and subsequent adjustments) recognised on (i) non-current assets following impairment tests performed on the cash-generating units (CGUs) to which they belong, and (ii) the corresponding onerous contracts;
- gains on disposals of real estate and impairment of real estate held for sale.

1.10. SHARE IN EARNINGS OF COMPANIES AT EQUITY

The share in earnings of companies at equity represents the Group's share of the earnings of those companies, plus any impairment of investments in companies at equity.

Gains on disposals of investments in companies at equity are recorded in operating income.

1.11. BORROWING COSTS

Effective from 1 January 2009, borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under *IAS 23 – Borrowing Costs* and their carrying amount does not therefore include any borrowing costs.

When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.

When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

1.12. GOODWILL

When the acquisition of shares results in exclusive control being obtained over the acquiree, the Group can choose between two methods of measuring goodwill, for each specific transaction. Under the full goodwill method, goodwill is measured as the excess of the acquisition cost plus the fair value of any minority interests and any previously held equity interest over the acquisition-date fair value of the net assets acquired. Under the partial goodwill method, minority interests are not measured at fair value but as their share of net assets of the acquiree.

In accordance with *IAS 36 – Impairment of Assets,* goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where goodwill is allocated to a specific geographic area within an operating segment, impairment tests are carried out at this more detailed level. The methods used to measure the recoverable amount of CGUs are described in Note 1.15. Any impairment losses are deducted from consolidated profit for the year and, in the case of initial measurement using the full goodwill method, allocated between the parent and minority interests.

Goodwill attributable to acquisitions of associates and joint arrangements is the excess of the cost of shares, including directly attributable acquisition costs, over the Group's equity in the acquisition-date fair value of the identifiable assets and liabilities acquired. It is included in "Investments in companies at equity" and tested for impairment at the level of the associate or joint arrangement concerned.

1.13. INTANGIBLE ASSETS

A. RESEARCH AND DEVELOPMENT EXPENDITURE

Under *IAS 38 – Intangible Assets,* development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see Note 1.11).

(a) Automotive Division

Development expenditure on vehicles and mechanical sub-assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical sub-assemblies. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. Generally, development costs billed to the Group by its partners under cooperation agreements are also capitalised, unless they relate to a project with milestones and are incurred after the final capitalisation milestone. All development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalised.

(b) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

Other research and development expenditure is recognised as an expense for the period in which it is incurred (see Note 1.8).

B. OTHER INTERNALLY-DEVELOPED OR PURCHASED INTANGIBLE ASSETS

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. Capitalised development costs for software that takes at least twelve months to get ready for its intended use include related borrowing costs (see Note 1.11). The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.

Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight-line basis over the estimated period of benefit, not to exceed twenty years.

1.14. PROPERTY, PLANT AND EQUIPMENT

A. COST

In accordance with *IAS 16 - Property, Plant and Equipment*, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners. All specific tooling expenditure billed to the Group by its partners under cooperation agreements is also capitalised.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see Note 1.11).

Government grants are recognised as a reduction in the cost of the corresponding assets.

Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 1.5.A.

Assets acquired under finance leases, as defined in *IAS 17 - Leases*, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

B. DEPRECIATION

(a) Standard method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

(in years)	
Buildings	20-30
Plant and equipment	4-16
Computer equipment	3-4
Vehicles and handling equipment	4-7
Fixtures and fittings	10-20

(b) Specific tooling

In the Automotive Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned due to the frequency of model changes.

In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over three years.

The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical sub-assembly.

1.15. IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with *IAS 36 – Impairment of Assets*, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. The impairment test usually consists of estimating the asset's value in use. Value in use is measured as the net present value of estimated future cash flows. Assets with indefinite useful lives, i.e. mainly goodwill, are tested for impairment at least once a year.

The tests are performed at the level of cash generating unit (CGU) to which the assets belong. CGUs are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If a CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in profit or loss and, to the extent possible, as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automotive Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see Note 1.13.A(a)). The Automotive Division CGU consists of the Vehicle CGUs and all other fixed assets, including goodwill.

In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets (corresponding to capitalised development costs) and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Interior Systems, Automotive Exteriors and Emissions Control Technologies) to which support assets and goodwill are allocated. The Automotive Equipment Division CGU comprises the assets of the CGUs in the above four Business Units and the Faurecia goodwill recognised in the PSA Peugeot Citroën Group's consolidated financial statements.

Within the Banque PSA Finance Group, fixed assets used in a given country constitute a homogeneous group of assets (CGU).

1.16. FINANCIAL ASSETS AND LIABILITIES

A. DEFINITIONS

Under IAS 39, financial assets include loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss (including financial assets designated upon initial recognition as being at fair value through profit or loss). On the balance sheet, these categories correspond to investments in non-consolidated companies (Note 17), other non-current financial assets (Note 18), other non-current assets (Note 19), loans and receivables - finance companies (Note 20), short-term investments - finance companies (Note 21), trade receivables - manufacturing and sales companies (Note 23), other receivables (Note 24) current financial assets (Note 25), and cash and cash equivalents (Note 26).

In the absence of any financial asset meeting this definition, the Group does not have any financial assets classified as "held-to-maturity", as defined by IAS 39.

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortised cost. On the balance sheet, these categories correspond to current and non-current financial liabilities (Note 30), financing liabilities (Note 32), other non-current liabilities (Note 31) and trade and other payables (Note 33).

No financial liabilities have been accounted for using the fair value option, as defined by IAS 39.

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

As allowed under IAS 39, the Group has chosen to recognise financial assets and liabilities at the transaction date. Consequently, when the transaction (or commitment) date is different from the settlement date, the securities to be delivered or received are recognised on the transaction date.

IAS 39 – Financial Instruments: Recognition and Measurement was only partially adopted by the European Commission. However, the Group is not affected by the provisions of IAS 39 dealing with fair value hedges of portfolios of interest rate instruments that were rejected by the European Commission.

B. RECOGNITION AND MEASUREMENT OF FINANCIAL ASSETS

(1) Financial assets at fair value through profit or loss

These assets are recognised in the balance sheet at fair value. Any change in their fair value is recognised in profit or loss for the period.

(a) Cash and cash equivalents

Cash and cash equivalents include cash at bank, units in money market funds and other money market securities that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value in the case of an increase in interest rates. Bank overdrafts are not included in cash and cash equivalents.

(b) Short-term investments - finance companies

Banque PSA Finance liquidity reserves are invested partly in fixed income securities indexed to Eonia. They are generally financed by debt indexed to Eonia. If not, they are swapped for the 3-month Euribor by means of economic hedges. In the interests of simplicity, these fixed income securities are accounted for using the fair value option, whereby changes in the fair value of the hedged securities are recognised directly in profit or loss, together with the offsetting change fair value of the economic hedges.

(c) Other assets at fair value through profit or loss

This caption comprises items recognised under "other non-current financial assets" and "other non-current assets", primarily money market securities.

(2) Available-for-sale financial assets

Available-for-sale financial assets are securities that are not intended to be held to maturity and that are not classified either as financial assets at fair value through profit or loss or as loans and receivables. They may be held on a lasting basis or sold in the short term.

Available-for-sale financial assets are recognised in the balance sheet at fair value. Gains and losses arising from remeasurement at fair value are generally recognised directly in equity. Only impairment losses reflecting a prolonged or significant decline in fair value are recognised in the income statement.

The Group uses the following criteria to assess whether it is prolonged or significant: an impairment loss is systematically recognised in profit or loss where the value falls by over 50% compared to the acquisition cost or over a minimum of three years. Furthermore, a special line-by-line analysis is carried out where the value falls over 30% compared to the acquisition cost or within a minimum of 1 year.

(a) Investments in non-consolidated companies

These represent shares in companies that are not fully consolidated or accounted for by the equity method. They are shown on the balance sheet at historical cost, which the Group considers is representative of fair value in the absence of an active market for the shares. In practice, an impairment loss is recognised when there is objective evidence of a prolonged decline in value. Fair value is determined by applying the most appropriate financial criteria, considering the specific situation of the company concerned. The most commonly applied criteria are equity in underlying net assets and earnings outlook.

(b) Other non-current financial assets classified as available-for-sale

This caption comprises listed securities that the Group intends to hold on a lasting basis or that can be sold in the short term. They are stated at market value, which the Group considers is representative of fair value.

(c) Other non-current assets classified as available-for-sale

This caption comprises unlisted securities that cannot be sold in the short term and that the Group intends to hold on a lasting basis.

(3) Loans and receivables

(a) Loans and receivables - finance companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting principles. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument (see Note 1.16.D- Derivative instruments).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single instalment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single instalment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the average loss ratio discounted at the loans' effective interest rate, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis, when the first instalment is missed or at the latest when the loan is reclassified as non-performing. Reclassification occurs when at least one instalment is over 91 days past due, or within a maximum of 451 days if it can be demonstrated that there is no counterparty risk. In the case of an aggravated risk, the loan may be reclassified as non-performing before the 91-day period has expired.

(b) Trade receivables - manufacturing and sales companies and other receivables

This caption comprises trade and other receivables at amortised cost. Provisions for impairment may be recorded if necessary or the receivables may be derecognised, as described in Note 1.18.

(c) Other loans and receivables

This caption comprises items classified as loans and receivables that are reported under "Other non-current financial assets", "Other non-current assets" and "Other current assets". They include advances to non-consolidated companies, very-long-term loans under the French government housing scheme, and other loans and receivables. They are stated at amortised cost, measured by the effective interest method. Their carrying value includes the outstanding principal plus unamortised transaction costs, premiums and discounts. Their recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recorded in the income statement.

C. RECOGNITION AND MEASUREMENT OF FINANCIAL LIABILITIES

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.

Items hedged by interest rate swaps are accounted for using fair value hedge accounting. The hedged portion of the financial liability is remeasured at fair value, with changes in fair value attributable to the hedged risk taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

Under IAS 39, borrowings for which the interest rate is indexed to Group-specific indicators are considered as fixed rate borrowings at a rate corresponding to the original effective interest rate. If the underlying indicators are subsequently revised, the effective interest rate remains unchanged and the carrying amount of the debt is adjusted through the income statement by adjusting finance costs.

The Oceane convertible bonds issued by the Group are recognised and measured as follows:

- the debt component is recognised in liabilities at amortised cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- the conversion option is recognised in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognised in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed number of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognised in equity.

The government loans at below-market interest rates obtained by the Group since 1 January 2009 are adjusted when the effect is material. The adjustment consists of calculating the loans' amortised cost by multiplying future cash flows on the loans by an effective interest rate based on market rates. The subsidy corresponding to the below-market interest rate is recognised in accordance with IAS 20 as related either to assets (see Note 1.14.A) or to income, depending on the purpose for which the funds are used.

D. RECOGNITION AND MEASUREMENT OF DERIVATIVE INSTRUMENTS

(a) Standard method

Derivative instruments are stated at fair value. Except as explained below, gains and losses arising from remeasurement at fair value are recognised in profit or loss.

(b) Hedging instruments

Derivative instruments may be designated as hedging instruments in one of two types of hedging relationship:

- fair value hedges, corresponding to hedges of the exposure to changes in fair value of an asset or liability due to movements in interest rates or foreign exchange rates;
- cash flow hedges, corresponding to hedges of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivative instruments qualify for hedge accounting when:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated.

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

E. COMMITMENTS TO PURCHASE MINORITY INTERESTS

In accordance with IAS 32, put options granted to minority shareholders of subsidiaries are recognised in the balance sheet under "Non-current financial liabilities" with an offsetting adjustment to equity. The adjustment is recorded as a deduction from minority interests to the extent possible, with any excess deducted from equity attributable to equity holders of the parent.

The liability is remeasured at the present value of the redemption amount (which is equal to the exercise price of the put) at each period-end by adjusting equity. If the put was contracted within less than twelve months, the liability's value at the balance sheet date is considered as being equal to the amount paid by the minority shareholder.

1.17. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, in accordance with *IAS 2 - Inventories*.

Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of the production facility. As inventories do not take a substantial period of time to get ready for sale, their cost does not include any borrowing costs.

The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

1.18. TRADE RECEIVABLES

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

In accordance with IAS 39, the Group derecognises receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. In analysing the transfer of risks, dilution risk is not included inasmuch as it has been defined and correctly segregated notably from the risk of late payment. Transferred receivables are not derecognised when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognised in financial expense.

This rule also applies to Automotive Division receivables sold to Group finance companies, in the analyses by operating segment.

1.19. DEFERRED TAXES

In accordance with *IAS 12 - Income Taxes*, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are recognised only when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

1.20. PROVISIONS

In accordance with *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan. Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

1.21. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see Note 29.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the period.

In accordance with *IAS 19 - Employee Benefits*, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value. The calculations mainly take into account:

- an assumption concerning the expected retirement date;
- an appropriate discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

The projected benefit obligation is measured every year for the main plans and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These gains and losses are recognised in the income statement of the following period using the corridor method, which consists of recognising over the remaining service lives of plan participants a specified portion of net cumulative actuarial gains and losses that exceed the greater of (i) 10% of the present value of the benefit obligation, and (ii) 10% of the fair value of plan assets.

If the benefits provided by a plan change, the new rights acquired for services already received are recognised immediately, while the rights not yet acquired are recognised in profit or loss on a straight on line basis over the remaining acquisition period.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets, the actuarial gains and losses and the unrecognised past service cost.

The purpose of external funds is to cover the total projected benefit obligation, including the portion not recognised due to the deferral of actuarial gains and losses. In some cases the amount of these external funds exceeds the recognised portion of the projected benefit obligation. This leads to the recognition of a non-current asset in an amount not exceeding the sum of net actuarial losses and unrecognised past service costs.

In the case of plans that are subject to a minimum funding requirement under the law or the plan rules, if the Group does not have an unconditional right to a refund of a surplus within the meaning of IFRIC 14, this affects the asset ceiling. Regardless of whether the plan has a deficit or a surplus, a liability is recognised for the portion of the present value of the minimum funding in respect of services already received that, once paid and after covering the shortfall resulting from applying IAS 19, would generate a surplus in excess of the asset ceiling determined in accordance with IAS 19.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:

- the service cost (recognised in "Recurring operating income");
- amortisation of actuarial gains and losses and past service cost (recognised in "Recurring operating income");
- the finance cost (recognised in "Other financial expense");
- the expected yield on plan assets (recognised in "Other financial income");
- any adjustment to the IFRIC 14 minimum funding requirement liability (recognised in "Non-recurring operating income or expense").

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries (Note 29.2);
- healthcare costs paid by certain subsidiaries in the United States (Note 29.3).

1.22. OPTIONS TO PURCHASE EXISTING OR NEWLY ISSUED SHARES AT AN AGREED PRICE AND PERFORMANCE SHARE GRANTS

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These options and shares are measured at the grant date, i.e. at the date on which the grantees are informed, in accordance with *IFRS 2 – Share-based Payment,* using the Black & Scholes option pricing model. The fair value of stock options depends in part on their expected life, which the Group considers as corresponding to the average option life. Performance shares are valued at the share price on the grant date minus a discount for the lock-up feature and for future dividends that will not be received during the vesting period. Changes in the fair value of options or performance shares after the grant date have no impact on the initial valuation.

To calculate the compensation cost to be recognised for each plan, the value of the option or performance share is multiplied by the estimated number of equity instruments that will eventually vest. This number is recalculated at each balance sheet date, based on expectations of performance against non-market criteria, thereby modifying the compensation cost under the plan.

The compensation cost is recognised on a straight on line basis (in the same way as amortisation) over the period from the grant date to the earliest exercise date (vesting period), with the offsetting adjustment recognised directly in equity.

If the non-market performance criteria are not met, the compensation cost under the performance share plan is cancelled in full.

When an option holder leaves the Group during the vesting period and forfeits his or her options, the related compensation cost recognised in prior periods is cancelled by crediting an equivalent amount to the income statement.

If an option holder leaves the Group earlier than expected, recognition of the compensation cost represented by the options or performance shares is accelerated.

In accordance with IFRS 2, only those stock options granted after 7 November 2002 but not yet vested at 1 January 2005 are measured and recognised in compensation costs. No compensation cost has therefore been recognised for stock options granted prior to 7 November 2002.

1.23. TREASURY STOCK

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

1.24. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or disposal group (operations) is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable.

Assets held for sale and discontinued operations are measured at the lower of the carrying amount and the estimated selling price, less costs to sell. Such non-current assets are no longer depreciated from the date on which these assets or disposal group are considered by the Group to satisfy the criteria for classification as held for sale.

Such assets and related liabilities are presented on separate headings under other Group assets and liabilities: "Assets held for sale and discontinued operations" and "Liabilities related to assets held for sale and discontinued operations".

The items in the income statement, statement of cash flows and other comprehensive income relating to assets held for sale are presented separately in the consolidated financial statements for all periods presented.

1.25. CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows is partitioned into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities depending on the nature of the transactions.

The Group's main choices as regards presentation were as follows:

- interest flows were kept under cash flows from operating activities;
- payments received in connection with grants were allocated by function to cash flows from investing activities or cash flows from operating activities depending on the nature of the grant;
- the conversion options of convertible bonds (involving both optional and mandatory conversion) are presented on a capital increase line under cash flows from financing activities;
- voluntary contributions paid into pension funds are recognised under cash flows from operating activities;
- payments made on the deferred portion of a fixed asset purchase are presented under cash flows from investing activities for the period ("Change in amounts payable on fixed assets");
- tax payments are classified under cash flows from operating activities.

NOTE 2 SIGNIFICANT EVENTS

2.1. ALLIANCE WITH GENERAL MOTORS

On 29 February 2012, PSA Peugeot Citroën announced the creation of a longterm and broad-scale global strategic alliance that will leverage the combined strengths and capabilities of the two companies, contribute to the profitability of both partners and strongly improves their competitiveness in Europe.

Under the terms of the agreement, GM and PSA Peugeot Citroën will share selected vehicle platforms, modules and components, in order to leverage volumes, reduce the cost of developing new technologies and CO_2 emissions, as well as gain efficiencies. Sharing of platforms will not only enable the development of global applications, it will also permit both companies to execute large-scale Europe-specific programs in a more cost effective manner.

As part of this Alliance, PSA Peugeot Citroën carried out a €999 million rights issue (see Note 27). Following this transaction, which includes no specific provision regarding the governance of PSA Peugeot Citroën, GM acquired a seven percent equity stake in PSA Peugeot Citroën, making it the second largest shareholder behind the Peugeot family group.

On 20 December 2012, PSA Peugeot Citroën (PSA) and General Motors (GM) confirmed the signing of agreements covering three vehicle projects as well as a purchasing joint venture in Europe.

2.2. RESTRUCTURING OF THE AUTOMOTIVE DIVISION'S FRENCH PRODUCTION BASE

On 12 and 25 July 2012, the Group presented the Central Works Council at Peugeot Citroën Automobiles with a plan to restructure the Automotive Division's French production base and to redeploy the workforce, together with the support mechanisms offered to employees. The impact on the financial statements can be found in Note 8.

2.3. FRENCH STATE GUARANTEE FOR THE FINANCING OF BANQUE PSA FINANCE

The Amending Finance Act of 29 December 2012 authorised the French State to provide up to €7 billion in guarantees for the refinancing of Banque PSA Finance. Subject to approval from the European Commission, the parties intend to sign an agreement covering an independent first demand guarantee whose principal provisions can be found in Note 37.1.

2.4. ASSET DISPOSALS

The asset disposal plan announced in early 2012 resulted in the following disposals in 2012.

DISPOSAL OF 75% OF GEFCO S.A.

On 20 December 2012, PSA Peugeot Citroën disposed of 75% of Gefco S.A. to JSC Russian Railways (RZD) for €800 million, following the distribution of a €100 million extraordinary dividend by Gefco S.A. to the Group.

Pursuant to IFRS 5 and IAS 27, the loss of exclusive control resulted in the recognition of an €806 mllion gain on the basis of an outright disposal including a profit from discontinued operations of €55 million. The 25% interest retained is recognised under investments in companies at equity at a fair value of €141 million. Financial data for the Transportation and Logistics segment were reclassified under "discontinued operations". This reclassification mainly impacted the data in the consolidated statement of income and statement of cash flows. The impact is presented in the tables below:

CONSOLIDATED STATEMENT OF INCOME

	2011			2012
(in million euros)	Reported Financial Statements	IFRS 5	Impact	Impact
Continuing operations				
Sales and revenue	**59,912**	**58,509**	**(1,403)**	**(1,469)**
Cost of goods and services sold	(49,684)	(48,856)	828	1,006
Selling, general and administrative expenses	(6,761)	(6,408)	353	355
Research and development expenses	(2,152)	(2,152)	-	-
Recurring operating income (loss)	**1,315**	**1,093**	**(222)**	**(108)**
Total non-recurring operating income	46	46	-	(2)
Total non-recurring operating expenses	(463)	(463)	-	6
Operating income (loss)	**898**	**676**	**(222)**	**(104)**
Income (loss) before tax of fully consolidated companies	**564**	**347**	**(217)**	**(68)**
Income tax expense	**47**	**115**	**68**	**(36)**
Share in net earnings of companies at equity	173	172	(1)	-
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS	**784**	**634**	**(150)**	**(104)**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**150**	**150**	**104**

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2011			31 December 2012
(in million euros)	Reported Financial Statements	IFRS 5	Impact	Impact
Net cash from (used in) operating activities	1,752	1,555	(197)	77
Net cash from (used in) investing activities	(3,732)	(3,654)	78	81
Dividends paid:				
• Intragroup	-	-	-	-
• To minority shareholders of subsidiaries	(40)	(39)	1	5
Dividends received from Gefco S.A.	-	-	-	100
Changes in other financial assets and liabilities	(2,283)	(2,256)	27	(501)
Net cash from (used in) financing activities	(2,771)	(2,743)	28	(396)
Effect of changes in exchange rates	3	5	2	-
Net increase (decrease) in cash and cash equivalents from continuing operations	(4,748)	(4,837)	(89)	(238)
Net cash and cash equivalents of discontinued operations at beginning of year	-	18	18	238
Net cash and cash equivalents at beginning of year	10,442	10,442	-	-
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**5,694**	**5,623**	**(71)**	**-**

The IFRS 5 reclassification had little material impact on the balance sheet.

OTHER DISPOSALS

The Group also completed the following transactions:

- disposal of the car rental business in France and Spain, through the sale of Citer and its subsidiaries, resulting in a €448 million reduction in Group debt. It did not have any material impact on the consolidated loss for the period or on consolidated equity;
- sale of several properties in Europe, including in particular the Peugeot S.A. headquarters and Citroën showroom in Paris. The sale proceeds from these transactions totalled €565 million, representing a gain of €389 million and a combined cash injection of €642 million. The latter amount includes €77 million from the sale-and-leaseback of the Citroën showroom, which continues to be carried on the balance sheet, with a financial liability recognised for the same amount.

2.5. IMPAIRMENT LOSSES ON AUTOMOTIVE DIVISION ASSETS AND DEFERRED TAXES

The Group's changing economic circumstances resulted in the recognition of a €3,009 million impairment loss on Automotive Division assets (see Note 8.1). In addition, deferred taxes were reviewed, resulting in an €879 million net expense being recognised in 2012 (see Note 12.2).

NOTE 3 SCOPE OF CONSOLIDATION

3.1. NUMBER OF CONSOLIDATED COMPANIES

	31 December 2012	31 December 2011
Fully consolidated companies		
Manufacturing and sales companies	318	358
Finance companies	45	43
	363	**401**
Companies at equity		
Manufacturing and sales companies	47	53
Finance companies	1	1
	48	**54**
CONSOLIDATED COMPANIES AT 31 DECEMBER 2012	**411**	**455**

The Group owns 57.18% of Faurecia's capital and 72.60% of the voting rights due to the existence of shares with double voting rights. If all of the dilutive instruments issued by Faurecia were to be exchanged for shares, this would have no impact on the Group's exclusive control.

3.2. CHANGES DURING THE YEAR

	2012
Consolidated companies at 1 January 2012	**455**
Newly-consolidated companies:	26
• Automotive companies	1
• Automotive equipment companies	19
• Finance and insurance companies	5
• Other companies	1
Companies sold or removed from the scope of consolidation	(49)
of which Transportation and Logistics companies	*(39)*
Merged companies and other	(21)
CONSOLIDATED COMPANIES AT 31 DECEMBER 2012	**411**

SIGNIFICANT TRANSACTIONS FOR THE YEAR

The impact of the disposal of Gefco S.A. and of its subsidiaries can be found in Note 2.

NOTE 4 SEGMENT INFORMATION

In accordance with *IFRS 8 Operating Segments*, segment information is presented in line with the indicators used internally by Management to measure the performance of the Group's different business segments. The disclosures below are derived from the internal reporting system and have been prepared in accordance with the IFRSs adopted by the European Union. The Group's main performance indicator is recurring operating income.

4.1. BUSINESS SEGMENTS

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

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;
- the Automotive Equipment Division, corresponding to the Faurecia Group 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.

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

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

	2012					
(in million euros)	Automotive	Automotive equipment	Finance companies	Other businesses	Eliminations & reconciliations	Total
Sales and revenue						
• third parties	38,295	15,460	1,586	105	-	55,446
• intragroup, intersegment	4	1,905	324	97	(2,330)	-
Total	38,299	17,365	1,910	202	(2,330)	55,446
Recurring operating income (loss)	(1,504)	514	391	21	2	(576)
Total non-recurring operating income	155	15	-	236	-	406
Restructuring costs	(440)	(84)	-	(4)	-	(528)
Impairment losses on CGUs	(3,864)	-	-	(9)	-	(3,873)
Other non-recurring operating expenses	(107)	(19)	(1)	-	-	(127)
Operating income (loss)	**(5,760)**	**426**	**390**	**244**	**2**	**(4,698)**
Interest income		10	-		62	72
Finance costs		(183)	-		(259)	(442)
Other financial income		9	3		309	321
Other financial expenses		(32)	(3)		(334)	(369)
Net financial income (loss)	**-**	**(196)**	**-**	**-**	**(222)**	**(418)**
Income tax expense		(67)	(104)		(601)	(772)
Share in net earnings of companies at equity	129	24	7	-	-	160
Consolidated profit (loss) from continuing operations		**187**	**293**			**(5,728)**
Profit (loss) from discontinued operations (1)	**8**	**(3)**	**-**	**798**	**-**	**803**
Consolidated profit (loss) for the year		184	293			(4,925)
Capital expenditure (excl. sales with a buyback commitment)	**2,886**	**813**	**20**	**10**		**3,729**
Depreciation and amortisation	**(2,370)**	**(498)**	**(18)**	**-**		**(2,886)**

(1) Relates to the Transportation and Logistics business segment.

In 2012, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €1,075 million. Net provision expense (cost of risk) for the year amounted to €290 million, including the effect of the most recent estimates of impairment losses on retail loans of €136 million (see Note 20.4).

	2011					
(in million euros)	Automotive	Automotive equipment	Finance companies	Other businesses	Eliminations & reconciliations	Total
Sales and revenue						
• third parties	42,706	14,092	1,583	128	-	58,509
• intragroup, intersegment	4	2,098	319	82	(2,503)	-
Total	42,710	16,190	1,902	210	(2,503)	58,509
Recurring operating income (loss)	(92)	651	532	8	(6)	1,093
Total non-recurring operating income	46	-	-	-	-	46
Restructuring costs	(247)	(56)	-	(7)	-	(310)
Impairment losses on CGUs	(146)	-	-	(5)	-	(151)
Other non-recurring operating expenses	-	(2)	-	-	-	(2)
Operating income (loss)	**(439)**	**593**	**532**	**(4)**	**(6)**	**676**
Interest income		10	-		103	113
Finance costs		(104)	-		(224)	(328)
Other financial income		7	2		204	213
Other financial expenses		(31)	(3)		(293)	(327)
Net financial income (loss)	**-**	**(118)**	**(1)**	**-**	**(210)**	**(329)**
Income tax expense		(96)	(180)		391	115
Share in net earnings of companies at equity	141	34	3	(6)	-	172
Consolidated profit (loss) from continuing operations		**413**	**354**			**634**
Profit (loss) from discontinued operations [(1)]	**-**	**-**	**-**	**150**	**-**	**150**
Consolidated profit (loss) for the year		413	354			784
Capital expenditure (excl. sales with a buyback commitment)	**2,971**	**629**	**26**	**6**		**3,632**
Depreciation and amortisation	**(2,413)**	**(460)**	**(17)**	**(1)**		**(2,891)**

(1) Relates to the Transportation and Logistics business segment.

In 2011, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €1,032 million. Net provision expense (cost of risk) for the year amounted to €115 million.

4.2. GEOGRAPHICAL SEGMENTS

In the table below, revenue is presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

	2012					
(in million euros)	Europe	Russia	Asia	Latin America	Rest of the World	Total
Sales and revenue	37,761	1,778	3,416	5,308	7,183	55,446
Non-current assets (excl. deferred tax assets and financial instruments)	14,201	480	280	1,508	466	16,935

	2011					
(in million euros)	Europe	Russia	Asia	Latin America	Rest of the World	Total
Sales and revenue	42,613	1,483	2,763	5,420	6,230	58,509
Non-current assets (excl. deferred tax assets and financial instruments)	17,464	387	236	1,459	373	19,919

NOTE 5 SALES AND REVENUE

(in million euros)	2012	2011
Sales of vehicles and other goods	52,442	55,254
Service revenues	1,418	1,672
Financial services revenue	1,586	1,583
TOTAL	**55,446**	**58,509**

Sales of goods consist mainly of sales of vehicles and automobile parts, sub-assemblies and components.

Service revenues primarily comprise auto repairs and servicing by captive dealers, and vehicle leasing services as described in Note 15.2.

Financial services revenue corresponds for the most part to interest income, insurance premiums and other gross revenues.

NOTE 6 RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Details of employee benefits expense and depreciation and amortisation expense are presented below in accordance with IAS 1 (Revised). Other recurring operating expenses are analysed by each Division at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

PERSONNEL COSTS

Group personnel costs are as follows:

(in million euros)	2012	2011
Automotive Division	(5,769)	(5,921)
Automotive Equipment Division	(2,929)	(2,633)
Finance companies	(147)	(142)
Other businesses	(87)	(102)
TOTAL	**(8,932)**	**(8,798)**

Details of stock option and performance share costs are provided in Notes 27.3.D and 27.4. Pension and other post-employment benefit costs are presented in Note 29.1.F.

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2012	2011
Capitalised development expenditure	(936)	(844)
Other intangible assets	(78)	(70)
Specific tooling	(640)	(658)
Other property, plant and equipment	(1,232)	(1,319)
TOTAL	**(2,886)**	**(2,891)**

NOTE 7 RESEARCH AND DEVELOPMENT EXPENSES

(in million euros)	2012	2011
Total expenditure	(2,373)	(2,535)
Capitalised development expenditure [(1)]	1,262	1,227
Non-capitalised expenditure	**(1,111)**	**(1,308)**
Amortisation of capitalised development expenditure (Note 15.1)	(936)	(844)
TOTAL	**(2,047)**	**(2,152)**

(1) In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 "Borrowing Costs" (Revised) (see Note 14.1).

The amounts presented in the above table are stated net of research funding received by the Group.

NOTE 8 NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	2012	2011
Net gains on disposals of real estate assets (Note 2)	389	40
Other non-recurring operating income	17	6
TOTAL NON-RECURRING OPERATING INCOME	**406**	**46**
Impairment loss on Automotive Division CGUs and provisions for Automotive Division onerous contracts (Note 8.1)	(3,864)	(146)
Impairment loss on Other businesses CGUs	(9)	(5)
Restructuring costs (Note 8.3)	(528)	(310)
Other non-recurring operating expenses	(127)	(2)
TOTAL NON-RECURRING OPERATING EXPENSES	**(4,528)**	**(463)**

8.1. IMPAIRMENT TEST ON AUTOMOTIVE DIVISION CGUS AND PROVISIONS FOR AUTOMOTIVE DIVISION ONEROUS CONTRACTS

The results of the impairment tests performed in June 2012 on the assets of the Automotive Division CGU and each Vehicle CGU were updated at 31 December 2012.

AUTOMOTIVE DIVISION CGU

In light of changes observed in the automotive markets in the second half of 2012, the Group has revised a number of assumptions used for impairment testing.

The December 2012 impairment test on the Automotive Division CGU was based on the 2013-2017 medium-term plan as well as a prudent estimate of the annual recurring operating income used to calculate the terminal value. This was based on an estimate of the operating income consistent with the Automotive Division's historical mid-cycle performance. In addition, the terminal value was calculated using a 1% growth rate to perpetuity.

The market forecasts used the Group's most recent estimates, which are based on external forecasts. They are based on European market levels close to those of 2012 over the long term. Concerning the alliance with General Motors, the projections reflect the schedule of new vehicle launches, as well as the estimated synergies anticipated in the areas of purchasing and capital expenditure. The effects of the alliance with General Motors will be gradually felt over the course of the plan, and more particularly in the final years, as well as on the terminal value, which represents a substantial part of the CGU's value.

The discount rate applied was 9.5% for 2013 - 2017 and 10.5% for the terminal value. The 9.5% is within the reference range for the sector. The rate is 1% higher than the rate used at 30 June 2012 in order to reflect the growing share of activity carried out outside Europe and the increase in the risk premium attributed by the automotive sector markets. The growth rate to perpetuity used to calculate the terminal value is 2% higher than the rate used at 30 June 2012.

These approaches are based on the Group's best estimates in what is an uncertain economic environment. The impairment test found that the discounted cash flows were €3,009 million under the carrying amount of Automotive Division assets. An impairment loss for this amount was recognised under non-recurring operating income. €10 million was set against the full amount of goodwill at the Automotive Division, €1,642 million against intangible assets and €1,357 million against property, plant and equipment. Following impairment, the carrying amount of the intangible assets and property, plant and equipment of the Automotive Division amounted to €13,907 million.

The sensitivity to changes in the main assumptions is as follows: impairment would increase by €462 million with a 0.5% higher discount rate, €337 million with a perpetual growth rate limited to 0.5%, €1,037 million as a result of a 0.5% reduction in the operating margin in the reference year used to calculate the terminal value and €1,671 million if these three factors were combined.

VEHICLE CGUS AND OTHER AUTOMOTIVE ASSETS

In addition, the other impairment losses on CGUs and the provisions for onerous contracts of the Automotive Division totalled €855 million.

Concerning the assets allocated to Vehicle CGUs, except for the Vehicle CGUs referred to below, impairment tests at 31 December 2012 did not identify any impairment losses other than those found in the course of the aforementioned test.

As in the financial statements at 30 June 2012, following the decision of the June 2012 meeting of the Supervisory Board to present a plan to shut down production, for the purposes of the test at 31 December 2012 it was decided that the Aulnay plant should no longer be included in the overall cash flow analyses but should be tested separately. Based on the test results, the plant's manufacturing assets, excluding the land and certain tooling, were written down for an amount of €128 million.

For the Vehicle CGUs corresponding to vehicles produced under cooperation agreements, in addition to testing of assets for impairment, provisions for long-term contract losses were recorded for any projected losses arising from purchase commitments.

Updated information about volumes and margins for these vehicles and projected exchange rates for the yen and other purchasing currencies led to the assets being written down by a further €162 million over the year and to the recognition of an additional €437 million worth of provisions for losses on onerous contracts.

A +/- 5% increase or decrease in the projected yen/euro exchange rate would have the effect of reducing the charge for the year by €47 million or increasing it by €77 million.

In addition, other assets were written down by €128 million.

8.2. IMPAIRMENT TEST ON FAURECIA GROUP CGUS AND OTHER ASSETS

FAURECIA GROUP CGUS

In accordance with the principle set out in Note 1.15, the carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2013-2016 plan for 2012 impairment tests, as revised at end-2012 based on the latest 2013 budget assumptions). The volume assumptions used to prepare the 2013-2016 Medium-Term Plan were based on external data.

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2016 margin was projected at 4.6%.

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2016) using a growth rate of 1.5% based on estimated trends developed by automotive market analysts. This was also the rate applied in the impairment tests carried out in the two previous years.

An independent expert was consulted to determine the weighted average cost of capital to be used to discount future cash flows. Taking into account a risk premium ranging from 5.5% to 6.5%, the average cost of capital used to discount future cash flows was set at 9.5% after tax (9.5% in 2011).

The test performed at end-2012 confirmed that the goodwill allocated to the four CGUs was fairly stated in the balance sheet. The balance sheet values are presented in Note 14.2.

The sensitivity of the impairment test to changes in the assumptions used to determine at end-2012 the value in use of the CGUs accounting for the bulk of goodwill is illustrated in the table below:

(in million euros)	Test margin (1)	Discount rate applied to cash flows + 50 bps	Perpetual growth rate - 50 bps	Terminal recurring operating margin - 50 bps	Previous three factors combined
Automotive Seating	1,331	(191)	(157)	(206)	(511)
Interior Systems	958	(131)	(107)	(168)	(374)
Emissions Control Technologies	668	(108)	(90)	(233)	(395)
Automotive Exteriors	328	(43)	(35)	(70)	(135)

(1) Test margin = value in use - carrying amount.

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the goodwill allocated to the CGUs is carried in the balance sheet.

FAURECIA CGU IN THE ACCOUNTS OF PSA PEUGEOT CITROËN

Faurecia goodwill was tested for impairment at end-2012 based on the PSA Peugeot Citroën Group's share in the sum of the discounted cash flows, net of capital employed including related goodwill, generated by Faurecia's businesses as determined based on the above assumptions. The test carried out at end-2012 made it possible to confirm the carrying amount of the goodwill allocated to this CGU. The balance sheet value is presented in Note 14.2.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of Faurecia goodwill at end-2012 is illustrated in the table below:

(in million euros)	Test margin [1]	Discount rate applied to cash flows +50 bps	Perpetual growth rate -50 bps	Terminal recurring operating margin -50 bps	Previous three factors combined
	1,778	(387)	(233)	(286)	(809)

(1) Test margin = value in use - carrying amount.

The declines in values in use that would result from each of the above simulations and the three factors combined would not affect the amount at which the Faurecia goodwill is carried in the balance sheet.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2012 was €743 million, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control.

The Group's share of Faurecia's net assets in the consolidated balance sheet is valued at €804 million (including the goodwill recognised by Peugeot S.A. at that date). In light of these values no impairment loss was recognised on the Faurecia goodwill at 31 December 2012.

8.3. RESTRUCTURING COSTS

A. ANALYSIS BY TYPE

(in million euros)	2012	2011
Early-termination plan costs	(2)	3
Workforce reductions	(518)	(308)
Cost of production shutdowns and other closure costs [1]	(8)	(5)
TOTAL	**(528)**	**(310)**

(1) Excluding impairment losses presented in Note 8.1.

B. ANALYSIS BY BUSINESS SEGMENT

(in million euros)	2012	2011
Automotive Division	(440)	(247)
Automotive Equipment Division	(84)	(56)
Finance companies	-	-
Other businesses	(4)	(7)
TOTAL	**(528)**	**(310)**

Automotive Division

Automotive Division restructuring costs amounted to €440 million and mainly involved France.

On 12 and 25 July 2012, the Group presented the Central Works Council at Peugeot Citroën Automobiles with a plan to restructure the Automotive Division's French production base and to redeploy the workforce, together with the support mechanisms offered to employees.

This plan consists of:

- shutting down production at Aulnay and regenerating the site to preserve its industrial heritage;
- adjusting the production facilities in Rennes in advance of future investment; and
- redeploying the Group's overhead staff.

They include inplacement and support for employees accepting voluntary redundancy, and encompass 8,000 employees. At 31 December 2012, a net expense of €450 million had been recognised in respect of the plan (€544 million in restructuring provisions offset by €94 million released from pension provisions).

Automotive Equipment Division (Faurecia Group)

In 2012, Faurecia Group restructuring costs totalled €84 million, including €79 million in provisions for redundancy costs for 1,713 employees, mainly in Germany and France.

They totalled €56 million in 2011.

NOTE 9 INTEREST INCOME

Interest income on loans corresponds to interest for the period determined as per the method set out in Note 1.16.B (3)(c).

(in million euros)	2012	2011
Interest income on loans	9	7
Interest income on cash equivalents	52	104
Remeasurement of short-term investments classified as financial assets at fair value through profit or loss	11	2
Net gain (loss) on interest rate instruments designated as hedges of short-term investments	-	-
TOTAL	**72**	**113**

NOTE 10 FINANCE COSTS

Interest on other borrowings corresponds to interest accrued according to the method set out in Note 1.16.C.

(in million euros)	2012	2011
Interest on borrowings [(1)]	(374)	(243)
Interest on bank overdrafts	(30)	(32)
Interest on finance lease liabilities	(15)	(20)
Foreign exchange gain (loss) on financial transactions	(16)	(25)
Other	(7)	(8)
TOTAL	**(442)**	**(328)**

(1) Interest on borrowings does not include €180 million in borrowing costs capitalised in 2012 in accordance with IAS 23 - "Borrowing Costs" (€122 million in 2011).

NOTE 11 OTHER FINANCIAL INCOME AND EXPENSES

(in million euros)	2012	2011
Expected return on pension funds	159	145
Other financial income	162	68
FINANCIAL INCOME	**321**	**213**
Interest cost on employee benefit obligations	(174)	(177)
Ineffective **portion** of the **change** in fair value of financial instruments	5	-
Other financial expenses	(200)	(150)
FINANCIAL EXPENSES	**(369)**	**(327)**

NOTE 12 INCOME TAXES

12.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	2012	2011
Current taxes		
Corporate income taxes	(389)	(335)
Deferred taxes		
Deferred taxes arising in the year	1,551	412
Impairment losses on deferred tax assets	(1,934)	38
TOTAL	**(772)**	**115**

A. CURRENT TAXES

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

In France, Peugeot S.A. and its French subsidiaries that are at least 95%-owned maintained their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have Group relief schemes.

B. TAX RATE IN FRANCE

The French statutory income tax rate is 34.43%, including supplementary contributions.

The Amending Finance Act of 21 December 2011 raising this tax rate to 36.10% applies up to 2014. The cap on offsetting tax loss carryforwards against taxable profit for the year was reduced from 60% to 50% in 2012.

At 31 December 2012, deferred tax liabilities falling due in 2014 and deferred tax assets for tax loss carryforwards available for offsetting against these liabilities (subject to the 50% cap) were remeasured at the new rate. The impact is not material.

C. IMPAIRMENT LOSSES ON DEFERRED TAXES

Deferred taxes are determined as described in Note 1.19.

Deferred taxes were tested for impairment on the basis of five-year tax estimates, consistent with the impairment testing of the Automotive Division CGU.

Given that it is unlikely they will be recovered by the Peugeot S.A. French tax group within this timeframe:

- €1,902 million in the deferred taxes assets corresponding to tax loss carryforwards that cannot be offset more than 50% against deferred tax liabilities was impaired;
- €1,023 million in deferred tax liabilities were reclassified to the income statement as a result of the impairment loss recorded on the Automotive Division CGU.

The net impact on income of these two items is €879 million.

In addition, the €576 million in additional losses generated during the year were not recognised in income.

12.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX IN FRANCE AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

(in million euros)	2012	2011
Income (loss) before tax of fully-consolidated companies	(5,116)	347
French statutory income tax rate for the period	*36.1%*	*36.1%*
Theoretical tax expense for the period based on the French statutory income tax rate	**1,847**	**(125)**
Tax effect of the following items:		
• Permanent differences	(28)	4
• Income taxable at reduced rates	34	61
• Tax credits	10	110
• Profit in France not subject to the surtax	(93)	(28)
• Effect of differences in foreign tax rates and other	(32)	55
Income tax before impairment losses on the French tax group	1,738	77
Effective tax rate applicable to the Group	*34.0%*	*22.2%*
• Unrecognised assets on losses generated in 2012	(576)	-
• Impairment losses on the Peugeot S.A. French tax group	(1,902)	-
• Other impairment losses	(32)	38
INCOME TAX EXPENSE	**(772)**	**115**

Tax credits include research tax credits that do not meet the definition of government grants.

12.3. CHANGES IN BALANCE SHEET ITEMS

	2012					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjustments & other changes	At 31 December
Current taxes						
Assets	170					150
Liabilities	(120)					(167)
	50	**(389)**	**-**	**320**	**2**	**(17)**
Deferred taxes						
Assets before offsetting of French tax group loss	*2,747*					*936*
Offsetting of French tax group loss	*(1,315)*					*(362)*
Net assets	1,432					574
Liabilities	(1,337)					(912)
	95	**(383)**	**1**	**-**	**(51)**	**(338)**

	2011					
(in million euros)	At 1 January	Expense	Equity	Payments	Translation adjustments & other changes	At 31 December
Current taxes						
Assets	192					170
Liabilities	(117)					(120)
	75	**(410)**	**-**	**405**	**(20)**	**50**
Deferred taxes						
Assets	482					1,432
Liabilities	(879)					(1,337)
	(397)	**457**	**41**	**-**	**(6)**	**95**

12.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)	2012	2011
Tax credits	**4**	**10**
Deferred tax assets on tax loss carryforwards		
Gross (1)	3,822	3,260
• Valuation allowances (Note 12.1.C)	(1,975)	(78)
• Previously unrecognised deferred tax assets (2)	(1,309)	(764)
• Deferred tax asset offset (French tax group) (3)	(362)	(1,315)
• Other deferred tax assets offset	(56)	(71)
Total deferred tax assets on tax loss carryforwards	**120**	**1,032**
Other deferred tax assets	**450**	**390**
DEFERRED TAX ASSETS	**574**	**1,432**
Deferred tax liabilities before offsetting (4)	(1,274)	(2,652)
Deferred tax liabilities offset (French tax group) (1)	362	1,315
DEFERRED TAX LIABILITIES	**(912)**	**(1,337)**

(1) The gross amount of deferred tax assets corresponding to tax loss carryforwards represents all deferred tax assets corresponding to tax losses that can be carried forward, regardless of whether they were recognised on the balance sheet at 31 December 2012.

(2) Of the impaired unrecognised deferred tax assets, €608 million related to the French tax group, including €32 million recognised directly in equity, and €701 million to Faurecia.

(3) Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities, taking into account the legal restrictions on the use of tax loss carryforwards (see Note 12.1).

(4) The main temporary differences that generate deferred tax liabilities arise from the capitalisation of development costs and differences in amortisation or depreciation methods or periods.

NOTE 13 EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

13.1. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	2012	2011
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent *(in million euros)*	(5,822)	438
Consolidated basic earnings - attributable to equity holders of the parent *(in million euros)*	(5,010)	588
Average number of €1 par value shares outstanding	321,185,403	222,761,913
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent *(in euros)*	(18.13)	1.97
BASIC EARNINGS PER €1 PAR VALUE SHARE *(in euros)*	**(15.60)**	**2.64**

13.2. DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by the treasury stock method. This consists of taking into account the exercise of stock options, performance share grants to employees and the conversion of Oceane convertible bonds when it is not accretive.

There were no dilutive potential shares in 2011 or 2012 resulting from the Peugeot S.A. Oceane convertible bonds, the 2010 performance share plan or the stock option plans.

The following table shows the effects of the calculation:

A. EFFECT ON THE AVERAGE NUMBER OF SHARES

	2012	2011
Average number of €1 par value shares outstanding	321,185,403	222,761,913
Dilutive effect, calculated by the treasury stock method, of:		
• Stock option plans (Note 27.3)	-	-
• Outstanding Oceane convertible bonds (Note 30.1)	-	-
Dilutive effect of Peugeot S.A. performance share grants (Note 27.4)	-	-
DILUTED AVERAGE NUMBER OF SHARES	**321,185,403**	**222,761,913**

B. EFFECT OF FAURECIA DILUTION ON CONSOLIDATED EARNINGS OF CONTINUING OPERATIONS - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

(in million euros)	2012	2011
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	(5,822)	438
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	(2)	(17)
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS (AFTER FAURECIA DILUTION EFFECT)	**(5,824)**	**421**
Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share *(in euros)*	(18.13)	1.89

C. EFFECT OF FAURECIA DILUTION ON CONSOLIDATED EARNINGS - ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

(in million euros)	2012	2011
Consolidated profit (loss) attributable to equity holders of the parent	(5,010)	588
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	(2)	(17)
CONSOLIDATED PROFIT (LOSS) AFTER FAURECIA DILUTION	**(5,012)**	**571**
Diluted earnings attributable to equity holders of the parent per €1 par value share *(in euros)*	(15.60)	2.56

The Faurecia Oceane convertible bonds and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group. The Faurecia stock options are anti-dilutive in 2011 and 2012 due to the plans' terms.

NOTE 14 GOODWILL AND INTANGIBLE ASSETS

14.1. CHANGES IN CARRYING AMOUNT

	31 December 2012			
(in million euros)	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1,582**	**4,958**	**511**	**5,469**
Purchases/additions (1)	-	1,370	89	1,459
Amortisation for the year	-	(936)	(78)	(1,014)
Impairment losses (2)	(10)	(1,593)	(84)	(1,677)
Disposals	-	-	(8)	(8)
• *Full consolidation of Sevelnord*	*-*	*8*	*-*	*8*
• *Reclassification of Gefco under discontinued operations*	*(48)*	*-*	*(78)*	*(78)*
• *Other*	*40*	*(19)*	*23*	*4*
Change in scope of consolidation and other (3)	(8)	(11)	(55)	(66)
Translation adjustment	-	(31)	1	(30)
AT PERIOD-END	**1,564**	**3,757**	**376**	**4,133**

(1) Including borrowing costs of €111 million capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" (see Note 1.11).

(2) Including €10 million on goodwill and €1,642 million in impairment losses on other assets of the Automotive Division CGU (see Note 8.1).

(3) Including -€48 million in goodwill and -€78 in software and other of the Gefco Group reclassified under discontinued operations pursuant to IFRS 5.

	31 December 2011			
(in million euros)	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1,505**	**4,519**	**427**	**4,946**
Purchases/additions (1)	-	1,326	126	1,452
Amortisation for the year	-	(844)	(82)	(926)
Impairment losses	-	(27)	-	(27)
Disposals	-	(2)	(9)	(11)
Change in scope of consolidation and other (2)	75	(1)	49	48
Translation adjustment	2	(13)	-	(13)
AT PERIOD-END	**1,582**	**4,958**	**511**	**5,469**

(1) Including borrowing costs of €81 million capitalised in accordance with IAS 23 (Revised) - "Borrowings Costs" (see Note 1.11).

(2) Including €48 million in goodwill and €37 million in intangible assets (contractual customer relationships and brands) recognised on the acquisition of the Mercurio Group in May 2011.

14.2. BREAKDOWN OF GOODWILL

(in million euros)	31 December 2012	31 December 2011
Net		
Faurecia	187	187
Faurecia businesses:		
• Automotive Seating	792	793
• Emissions Control Technologies	339	340
• Automotive Exteriors	123	96
• Interior Systems	46	32
Peugeot Automotiv Pazarlama AS (Popas)	-	9
Crédipar	75	75
Bank PSA Finance Rus	2	2
Gefco Automotive (Mercurio Group)	-	48
TOTAL	**1,564**	**1,582**

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in Note 8.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

15.1. BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT

The carrying amount of property, plant and equipment can be analysed as follows:

	31 December 2012						
(in million euros)	Land and buildings	Plant and equipment	Leased vehicles [3]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**3,133**	**6,101**	**2,693**	**99**	**273**	**1,775**	**14,074**
Purchases/additions [1]	268	687	-	11	59	1,361	2,386
Depreciation for the year	(264)	(1,531)	(14)	(7)	(56)	-	(1,872)
Impairment losses [2]	(66)	(1,523)	-	-	(2)	(2)	(1,593)
Disposals	(237)	(21)	-	(9)	(8)	-	(275)
Transfers and reclassifications	62	1,032	-	5	36	(1,135)	-
Change in scope of consolidation and other [3]	63	293	(101)	(69)	(3)	(370)	(187)
Translation adjustment	(24)	(72)	9	-	(2)	(6)	(95)
AT PERIOD-END	**2,935**	**4,966**	**2,587**	**30**	**297**	**1,623**	**12,438**
Gross value	*7,133*	*30,166*	*3,015*	*109*	*853*	*1,625*	*42,901*
Accumulated depreciation and impairment	*(4,198)*	*(25,200)*	*(428)*	*(79)*	*(556)*	*(2)*	*(30,463)*

(1) Including property, plant and equipment acquired under finance leases for €108 million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €69 million (see Note 1.11).

(2) Including €1,357 million in impairment losses on assets of the Automotive Division CGU (see Note 8.1).

(3) "Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).

(in million euros)	31 December 2011 Land and buildings	Plant and equipment	Lesed vehicles [(2)]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**3,185**	**6,549**	**2,640**	**69**	**266**	**1,019**	**13,728**
Purchases/additions [(1)]	171	443	-	31	29	1,641	2,315
Depreciation for the year	(277)	(1,605)	(64)	(18)	(56)	-	(2,020)
Impairment losses	1	(58)	-	-	-	-	(57)
Disposals	(10)	(14)	-	(11)	(5)	-	(40)
Transfers and reclassifications	11	646	-	7	29	(693)	-
Change in scope of consolidation and other [(2)]	66	161	107	22	13	(171)	198
Translation adjustment	(14)	(21)	10	(1)	(3)	(21)	(50)
AT PERIOD-END	**3,133**	**6,101**	**2,693**	**99**	**273**	**1,775**	**14,074**
Gross value	*7,354*	*29,185*	*3,119*	*348*	*917*	*1,775*	*42,698*
Accumulated depreciation and impairment	*(4,221)*	*(23,084)*	*(426)*	*(249)*	*(644)*	-	*(28,624)*

(1) Including property, plant and equipment acquired under finance leases for €63 million. Borrowing costs capitalised in accordance with IAS 23 (Revised) - "Borrowing Costs" amounted to €40 million (see Note 1.11).

(2) "Change in scope of consolidation and other" movements in "Leased vehicles" include net changes for the year (additions less disposals).

15.2. LEASED VEHICLES

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 1.5.A.

They break down as follows:

(in million euros)	31 December 2012	31 December 2011
Vehicles sold with a buyback commitment	2,547	2,290
Vehicles under short-term leases	40	403
TOTAL NET	**2,587**	**2,693**

NOTE 16 INVESTMENTS IN COMPANIES AT EQUITY

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

16.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES AT EQUITY

(in million euros)	2012	2011
At beginning of period	**1,472**	**1,056**
Dividends and profit transfers [(1)]	(124)	(103)
Share of net earnings	160	173
Newly consolidated companies	18	249
Capital increase (reduction)	22	-
Changes in scope of consolidation and other [(2)]	7	(1)
Translation adjustment	(19)	98
AT PERIOD-END	**1,536**	**1,472**
• O/w Dongfeng Peugeot Citroën Automobile goodwill	73	73
• O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	5	7
• O/w Mercurio Group goodwill	-	2
• O/w Gefco goodwill	57	-

(1) Dividends and profit transfers in 2012 included €94 million in net dividends paid to the Group by DPCA, of which €10 million withheld.

(2) The movements during the year related to:

- *the consolidation of the 25% interest in Gefco still held by the Group following the disposal of control of this subsidiary (see Note 2.4);*
- *the deconsolidation of the Sevelnord shares, which is now wholly consolidated following the 26 July 2012 agreement with the Fiat Group regarding the acquisition of Fiat's interest in that company. This deal did not have a material impact on income.*

16.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	31 December 2012	31 December 2011
Renault cooperation agreement			
Française de Mécanique	50%	10	15
Société de Transmissions Automatiques	20%	2	2
Fiat cooperation agreement			
Sevelnord	50%	-	97
Gisevel	50%	-	-
Sevelind	50%	-	8
Sevel SpA	50%	71	71
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV (1)	0%	-	13
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	136	132
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile (2)	50%	822	752
Dongfeng Peugeot Citroën Automobile Finance Company Ltd (2)	50%	45	62
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	214	234
Other			
Gefco Group companies (Note 2) (2)		141	6
Faurecia's companies at equity		78	64
Other excluding Faurecia and Gefco		10	9
TOTAL		**1,529**	**1,465**

(1) On 31 October 2012, PSA Peugeot Citroën and BMW Group decided to terminate their partnership in the form of the BMW Peugeot Citroën Electrification joint venture. These shares were written down (see Note 16.3).

(2) Including goodwill (see Note 16.1).

The share in net assets of companies at equity breaks down into €1,536 million (€1,472 million at 31 December 2011) for companies with positive net equity, reported under "Investments in companies at equity" less €7 million (€7 million at 31 December 2011) for companies with negative net equity, reported under "Non-current provisions".

The main companies under joint control and classified as joint ventures under IFRS 11 are DPCA and CAPSA.

TPCA, Française de Mécanique and Sevel SpA are classified as joint operations.

16.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	2012	2011
Renault cooperation agreement			
Française de Mécanique	50%	(5)	(3)
Société de Transmissions Automatiques	20%	-	-
Fiat cooperation agreement			
Sevelnord	50%	-	(1)
Gisevel	50%	-	-
Sevelind	50%	(1)	(2)
Sevel SpA	50%	-	-
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	0%	(35)	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	15	8
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	171	150
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50%	7	3
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	(18)	(11)
Other			
Gefco Group companies		-	-
Faurecia's companies at equity		24	34
Other excluding Faurecia and Gefco		2	(5)
TOTAL		**160**	**173**

16.4. KEY FINANCIAL DATA OF COMPANIES AT EQUITY - ATTRIBUTABLE TO THE GROUP

A. AGGREGATE DATA

(in million euros)	31 December 2012	31 December 2011
Property, plant and equipment	1,640	1,407
Working capital [(1)]	(565)	(273)
Other capital employed [(2)]	591	378
Capital employed	1,666	1,512
Long and medium-term debt	(208)	(174)
Other financial items	71	127
Net financial position	(137)	(47)
TOTAL EQUITY (NOTE 16.2)	**1,529**	**1,465**
Capital expenditure	**408**	**233**

(1) Changan PSA Automobiles Co., Ltd's capital was not fully paid up at 31 December 2012. The portion not paid up (€75 million) is included in working capital.

(2) At 31 December 2012, the main balance sheet items included in "Other capital employed" concern intangible assets for €517 million (€322 million at 31 December 2011) and provisions for €61 million (€57 million at 31 December 2011).

B. KEY FINANCIAL DATA BY COMPANY

(a) Capital employed

(in million euros)	Latest % interest	31 December 2012	31 December 2011
Renault cooperation agreement			
Française de Mécanique	50%	93	113
Société de Transmissions Automatiques	20%	1	2
Fiat cooperation agreement			
Sevelnord	50%	-	97
Gisevel	50%	-	-
Sevelind	50%	-	8
Sevel SpA	50%	264	261
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	0%	-	-
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	154	151
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	634	497
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50%	45	62
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	252	260
Other			
Gefco Group companies		169	5
Faurecia's companies at equity		52	52
Other excluding Faurecia and Gefco		2	4
TOTAL		**1,666**	**1,512**

(b) Net financial position

(in million euros)	Latest % interest	31 December 2012	31 December 2011
Renault cooperation agreement			
Française de Mécanique	50%	(83)	(98)
Société de Transmissions Automatiques	20%	1	-
Fiat cooperation agreement			
Sevelnord	50%	-	-
Gisevel	50%	-	-
Sevelind	50%	-	-
Sevel SpA	50%	(193)	(190)
BMW cooperation agreement			
BMW Peugeot Citroën Electrification BV	0%	-	13
Toyota cooperation agreement			
Toyota Peugeot Citroën Automobiles	50%	(18)	(19)
Dongfeng cooperation agreement			
Dongfeng Peugeot Citroën Automobile	50%	188	255
Dongfeng Peugeot Citroën Automobile Finance Company Ltd	50%	-	-
Changan cooperation agreement			
Changan PSA Automobiles Co., Ltd (CAPSA)	50%	(38)	(26)
Other			
Gefco Group companies		(28)	1
Faurecia's companies at equity		26	12
Other excluding Faurecia and Gefco		8	5
TOTAL		**(137)**	**(47)**

NOTE 17 INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The recognition and measurement principles are described in Note 1.16.B (2) (a).

The main changes in 2012 were as follows:

(in million euros)	Latest % interest	31 December 2012	31 December 2011
Football Club de Sochaux Montbeliard	100%	19	19
Non consolidated dealers (Automotive)	-	11	9
Faurecia Group portfolio	-	14	38
Other investments	-	18	9
Gefco Group portfolio	-	-	11
TOTAL		**62**	**86**
Gross		99	120
Impairments		(37)	(34)

NOTE 18 OTHER NON-CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to loans and receivables, short-term investments classified as "available-for-sale financial assets", short-term investments classified as "financial assets at fair value through profit or loss" and derivatives are described in Note 1.16.B.

(in millions of euros)	31 December 2012				
		Financial assets classified as			
	Loans and receivables	"Available-for-sale"	"At fair value through profit or loss"	Derivative instruments	Total
Gross					
At beginning of period	**272**	**122**	**547**	**235**	**1,176**
Purchases/additions	95	5	63	-	163
Disposals	(2)	(4)	(6)	(304)	(316)
Remeasurement at fair value	-	48	12	69	129
Transfers to current financial assets (1)	(19)	-	(239)	-	(258)
Translation adjustment and changes in scope of consolidation	(2)	-	(3)	-	(5)
At period-end	**344**	**171**	**374**	**-**	**889**
Provisions					
At beginning of period	**(115)**	**-**	**-**	**-**	**(115)**
Net charge for the year	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
At period-end	**(117)**	**-**	**-**	**-**	**(117)**
Carrying amount at 1 January	157	122	547	235	1,061
CARRYING AMOUNT AT 31 DECEMBER	**227**	**171**	**374**	**-**	**772**

(1) Financial assets classified as "at fair value through profit or loss" transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2012.

The carrying amount of available-for-sale financial assets included an unrealised gain of €83 million at the balance sheet date (€35 million at 1 January).

	31 December 2011				
		Financial assets classified as			
(in millions of euros)	Loans and receivables	"Available-for-sale"	"At fair value through profit or loss"	Derivative instruments	Total
Gross					
At beginning of period	**262**	**191**	**312**	**177**	**942**
Purchases/additions	21	-	273	-	294
Disposals	(11)	-	(51)	-	(62)
Remeasurement at fair value	-	(69)	9	58	(2)
Transfers to current financial assets [(1)]	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	2	-	4	-	6
At period-end	**272**	**122**	**547**	**235**	**1,176**
Provisions					
At beginning of period	**(112)**	**-**	**-**	**-**	**(112)**
Net charge for the year	(2)	-	-	-	(2)
Translation adjustment and changes in scope of consolidation	(1)	-	-	-	(1)
At period-end	**(115)**	**-**	**-**	**-**	**(115)**
Carrying amount at 1 January	150	191	312	177	830
CARRYING AMOUNT AT 31 DECEMBER	**157**	**122**	**547**	**235**	**1,061**

(1) Financial assets classified as "at fair value through profit or loss" transferred to current financial assets correspond to money market securities with maturities of less than one year at 31 December 2011.

The carrying amount of "available-for-sale" financial assets included an unrealised gain of €35 million at 31 December 2011 (€104 million at 1 January 2011).

NOTE 19 OTHER NON-CURRENT ASSETS

(in million euros)	31 December 2012	31 December 2011
Excess of payments to external funds over pension obligations (Note 29)	154	76
Units in the FMEA funds	74	105
Derivative instruments [(1)]	2	-
Guarantee deposits and other	288	271
TOTAL	**518**	**452**

(1) Corresponding to the non-current portion of derivative instruments hedging commodity risks.

The Group has invested in the two "Fonds de Modernisation des Équipementiers Automobiles" (FMEA – tier 1 and tier 2). The Group has committed €204 million to these two funds, €124 million of which has been paid to date. These units have been classified as "available-for-sale" in accordance with IAS 39 and are therefore measured at fair value (see Note 1.16.B (2) (c)). They are reported as non-current assets because of the lock-up applicable to the Group's investment.

In light of the difficulties experienced by automotive equipment manufacturers, the FMEA units were written down by €42 million at 31 December 2012 based on the valuation published by the fund manager, *Caisse des Dépôts et Consignations*.

The Group considers that an impairment loss lasting more than three years qualifies as "prolonged" (see Note 1.16.(B) (2)). As it believes that this will be the case for the FMEA units, the impairment loss was recognised through profit and loss.

NOTE 20 LOANS AND RECEIVABLE - FINANCE COMPANIES

The recognition and measurement principles are described in Note 1.16.B (3) (a).

20.1. ANALYSIS

(in million euros)	31 December 2012	31 December 2011
"Retail, Corporate and Equivalent"		
Credit sales	9,777	10,171
Long-term leases	4,703	4,727
Leases subject to buyback commitments	2,280	2,301
Other receivables	152	183
Ordinary accounts and other	95	92
Total net "Retail, Corporate and Equivalent"	17,007	17,474
Corporate Dealers		
Wholesale Finance Receivables	5,007	5,879
Other receivables	733	627
Other	314	334
Total net "Corporate Dealers"	6,054	6,840
Remeasurement of interest rate hedged portfolios	85	73
Eliminations	(51)	(80)
TOTAL	**23,095**	**24,307**

Retail, Corporate and Equivalent finance receivables represent loans provided by the finance companies to Peugeot and Citroën customers to purchase or lease vehicles.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to Group finance companies, and working capital loans provided by the finance companies to the dealer networks.

Retail, Corporate and Equivalent finance receivables included €6,742 million in securitised automotive receivables that were still carried on the balance sheet at 31 December 2012 (€4,008 million at 31 December 2011).

The Banque PSA Finance Group carried out several securitisation transactions in 2012 through special purpose entities.

On 12 July 2012, Crédipar sold receivables worth €1,080 million, consisting of future payments on finance leases and leases with purchase options, to the 2012-1 compartment of FCT Auto ABS. The fund issued €724 million worth of AAA/AAA-rated A bonds and €356 million worth of B bonds.

On 17 October 2012, Banque PSA Finance's Italian branch sold €621 million worth of automotive loans to the 2012-2 compartment of the Italian entity Auto ABS S.r.l. The fund issued €537 million worth of AA/AA-rated A bonds and €94 million worth of B bonds.

On 23 November 2012, Banque PSA Finance's Spanish branch sold €800 million worth of automotive loans to the 2012-3 compartment of FTA Auto ABS. The fund issued €668 million worth of AA-/AA(low)-rated A bonds and €132 million worth of B bonds.

On 29 November 2012, Crédipar sold €296 million in automotive loans to FCT Auto ABS French Loans Master. The fund issued €267 million worth of AAA/Aaa-rated A bonds and €29 million worth of B bonds.

On 6 December 2012, the UK subsidiary of Banque PSA Finance sold €1,331 million in automotive loans to Auto ABS UK Loans PLC. The fund issued €905 million worth of AAA-rated A bonds and €426 million worth of B bonds.

The Banque PSA Finance subsidiaries and branches have rights to obtain the majority of benefits of the special purpose entities and are exposed to risks incident to these entities' activities. Therefore, the special purpose entities are fully consolidated.

Liabilities corresponding to securities issued by securitisation funds are shown in Note 32 "Financing liabilities - finance companies".

20.2. AUTOMOTIVE DIVISION SALES OF RECEIVABLES

The following table shows outstanding Automotive Division receivables sold to the finance companies for which the Automotive Division pays the financing cost:

(in million euros)	31 December 2012	31 December 2011
	3,600	4,467

20.3. MATURITIES OF LOANS AND RECEIVABLES

	31 December 2012					
(in million euros)	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	Total
Unallocated	478	151	177	200	354	1,360
Less than three months	1,048	204	604	3,969	148	5,973
Three to six months	918	185	507	575	80	2,265
Six months to one year	1,902	361	900	347	131	3,641
Two to five years	5,558	1,507	2,821	14	383	10,283
Beyond five years	292	5	1	-	77	375
Total gross loans and receivables outstanding	10,196	2,413	5,010	5,105	1,173	23,897
Guarantee deposits on leases	-	-	(135)	(74)	-	(209)
Allowances	(375)	(86)	(93)	(24)	(49)	(627)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**9,821**	**2,327**	**4,782**	**5,007**	**1,124**	**23,061**

(1) Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".

	31 December 2011					
(in million euros)	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	Total
Unallocated	478	140	181	133	306	1,238
Less than three months	1,010	185	693	3,483	114	5,485
Three to six months	756	180	665	1,013	49	2,663
Six months to one year	1,957	360	869	1,328	164	4,678
Two to five years	6,232	1,520	2,545	12	368	10,677
Beyond five years	63	19	-	-	69	151
Total gross loans and receivables outstanding	10,496	2,404	4,953	5,969	1,070	24,892
Guarantee deposits on leases	-	-	(62)	(70)	-	(132)
Allowances	(266)	(59)	(73)	(20)	(28)	(446)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**10,230**	**2,345**	**4,818**	**5,879**	**1,042**	**24,314**

(1) Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".

20.4. ALLOWANCES FOR CREDIT LOSSES

NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING

(in million euros)	31 December 2012	31 December 2011
Performing loans with no past due balances	16,207	16,397
Performing loans with past due balances	698	775
Non-performing loans	706	689
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	**17,611**	**17,861**
Items taken into account in amortised cost calculations	**92**	**86**
Guarantee deposits	**(115)**	**(60)**
Allowances for performing loans with past due balances	*(47)*	*(48)*
Allowances for non-performing loans	*(534)*	*(365)*
Allowances	**(581)**	**(413)**
TOTAL NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING	**17,007**	**17,474**
Allowances booked during the period	(276)	(155)
Allowances released during the period (utilisations)	108	145

NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING

(in million euros)	31 December 2012	31 December 2011
Performing loans with no past due balances	5,912	6,772
Performing loans with past due balances	40	21
Non-performing loans	264	166
Total gross Corporate Dealer loans and receivables outstanding	**6,216**	**6,959**
Items taken into account in amortised cost calculations	**(10)**	**(10)**
Guarantee deposits	**(94)**	**(72)**
Allowances	**(58)**	**(37)**
TOTAL NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING	**6,054**	**6,840**
Allowances booked during the period	(35)	(28)
Allowances released during the period (utilisations)	15	27

The statistical provisioning method applicable to the Banque PSA Finance Retail portfolio was reviewed to take into account in particular of the deteriorating markets in which PSA Peugeot Citroën operates, especially in Southern Europe.

After applying the new estimates to outstanding loans, Banque PSA Finance decided, in line with its prudent management policy, to further impair the Retail loan book by €136 million. This additional impairment loss, classified as a change in estimate under IFRS, was recognised in cost of risk under the 2012 recurring operating income of Banque PSA Finance. This impairment loss was mainly on loans originated prior to 2009.

NOTE 21 SHORT-TERM INVESTMENTS - FINANCE COMPANIES

The recognition and measurement principles applicable to short-term investments of the finance companies are described in Note 1.16.B (1) (b).

(in million euros)	31 December 2012	31 December 2011
Short-term investments	867	877
TOTAL	**867**	**877**

Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

NOTE 22 INVENTORIES

	31 December 2012			31 December 2011		
(in million euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	955	(165)	790	875	(168)	707
Semi-finished products and work-in-progress	1,049	(24)	1,025	955	(37)	918
Goods for resale and used vehicles	1,356	(208)	1,148	1,218	(159)	1,059
Finished products and replacement parts	3,478	(248)	3,230	4,145	(220)	3,925
TOTAL	**6,838**	**(645)**	**6,193**	**7,193**	**(584)**	**6,609**

NOTE 23 TRADE RECEIVABLES - MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2012	31 December 2011
Trade receivables	2,166	2,557
Allowances for doubtful accounts	(152)	(170)
Total - manufacturing and sales companies	**2,014**	**2,387**
Elimination of transactions with the finance companies	(187)	(167)
TOTAL	**1,827**	**2,220**

This item does not include dealer receivables transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables - finance companies" (see Note 20.2).

At 31 December 2012, receivables totalling €678 million sold under the programmes described in Note 30.5 had been derecognised in line with the principles set out in Note 1.18. A further €186 million worth of sold receivables were not derecognised. In cases where financing has been received in respect of the sold receivables, a debt is recognised for an amount equal to the sale proceeds.

(in million euros)	31 December 2012	31 December 2011
Receivables sold and derecognised	678	530
• *of which Faurecia Group*	*177*	*261*
Receivables sold but not derecognised	186	161
• *of which Faurecia Group*	*105*	*102*

NOTE 24 OTHER RECEIVABLES

24.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2012	31 December 2011
State, regional and local taxes excluding income tax (1)	1,210	1,198
Personnel-related payables	50	54
Due from suppliers	245	200
Derivative instruments (2)	65	80
Prepaid expenses	200	190
Miscellaneous other receivables	196	213
TOTAL	**1,966**	**1,935**

(1) In 2012, the Group sold €113 million worth of 2011 French research tax credits as well as the balance (€15 million) for 2010 (see Note 30.5).

(2) This item corresponds to the fair value of instruments purchased by the Group to hedge commodity risks and currency risks on current or forecast operating receivables and payables. It included €42 million at 31 December 2011 in receivables that are matched by payables due to the finance companies (no reciprocal amounts at 31 December 2012).

24.2. FINANCE COMPANIES

(in million euros)	31 December 2012	31 December 2011
Taxes payable other than income taxes	65	66
Derivative instruments (1)	329	394
Deferred income and accrued expenses	257	223
Miscellaneous other receivables	304	322
TOTAL	**955**	**1,005**

(1) This item corresponds to the fair value of instruments purchased by the Group to primarily hedge interest rate risks on financing liabilities and receivables.

NOTE 25 CURRENT FINANCIAL ASSETS

The recognition and measurement principles applicable to current financial assets are described in Note 1.16.B for loans and receivables, Note 1.16.B for financial assets at "fair value through profit or loss", and Note 1.16.D for derivative instruments.

	2012			
(in millions of euros)	Loans and receivables	Financial assets classified as "at fair value through profit or loss"	Derivative instruments	Total
At beginning of period	**238**	**-**	**27**	**265**
Purchases/additions	794	475	-	1,269
Disposals	(230)	(84)	-	(314)
Remeasurement at fair value	-	-	(26)	(26)
Transfers (see Note 18) [(1)]	15	297	-	312
Translation adjustment and changes in scope of consolidation	(5)	-	-	(5)
AT PERIOD-END	**812**	**688**	**1**	**1,501**
Manufacturing and sales companies				*1,501*

(1) Transfers of financial assets classified as at "fair value through profit or loss", corresponding to short-term investments with maturities of under one year.

Loans and receivables include €475 million in debt securities issued with an original maturity of four months, and with a residual maturity of two months at 31 December 2012.

	2011			
(in millions of euros)	Loans and receivables	Financial assets classified as "at fair value through profit or loss"	Derivative instruments	Total
At beginning of period	**282**	**-**	**24**	**306**
Purchases/additions	115	-	-	115
Disposals	(164)	-	-	(164)
Remeasurement at fair value	-	-	3	3
Transfers (Note 18)	2	-	-	2
Translation adjustment and changes in scope of consolidation	3	-	-	3
AT PERIOD-END	**238**	**-**	**27**	**265**
Manufacturing and sales companies				*265*

NOTE 26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined in Note 1.16.B (1) (a) and include:

26.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2012	31 December 2011
Mutual fund units and money market securities	4,137	3,832
Cash and current account balances	1,284	1,358
Total - manufacturing and sales companies	5,421	5,190
o/w deposits with finance companies	*(279)*	*(224)*
TOTAL	**5,142**	**4,966**

Cash includes the proceeds from borrowings arranged to meet future financing needs.

At 31 December 2012, cash equivalents mainly included certificates of deposit for €100 million, money market funds for €2,850 million, overnight money market notes for €987 million.

All of these instruments comply with the Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

26.2. FINANCE COMPANIES

(in million euros)	31 December 2012	31 December 2011
Due from credit institutions [(1)]	1,651	1,131
Central bank current account balances and items received for collection	18	23
TOTAL	**1,669**	**1,154**

(1) At 31 December 2012, this item included ordinary accounts in debit for €600 million corresponding mainly to the final customer direct debits for the period (€427 million at 31 December 2011), €649 million in mutual funds (€300 million at 31 December 2011) and €402 million in loans and advances at overnight rates (€404 million at 31 December 2011).

Cash and cash equivalents include Banque PSA Finance's liquidity reserves, which amounted to €1,066 million at 31 December 2012 (€724 million at 31 December 2011), €649 million invested in mutual funds (€300 million at 31 December 2011), €402 million in interbank loans (€404 million at 31 December 2011) and €15 million in central bank deposits (€20 million at 31 December 2011).

NOTE 27 EQUITY

27.1. CAPITAL MANAGEMENT POLICY

The capital management policy relates to equity as defined under IFRS. It is designed to optimise the Group's cost of capital and ensure that it has secure long-term capital resources. Managing capital essentially involves deciding the level of capital to be held currently or in the future and setting dividend policies.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the Faurecia Group's consolidated equity (in particular net earnings and change in translation reserves) and – exceptionally – in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia.

There are no financial covenants based on consolidated equity.

The undrawn confirmed lines of credit are subject to compliance with a financial covenant based on equity (see Note 37).

Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

Peugeot S.A. shares are held in treasury for the following purposes:

- to reduce the Company's share capital;
- to award shares to employees, Directors and officers of the Company or of companies or groupings that are affiliated with it when the stock options are exercised;
- to allot shares in connection with equity transactions.

Furthermore, the Group may carry out capital increases when holders of Peugeot S.A. OCEANE bonds present their bonds for conversion. (See Note 27.2). There was no capital increase as a result of the conversion of OCEANE bonds in 2012.

27.2. ANALYSIS OF SHARE CAPITAL AND CHANGES IN THE YEAR

The share capital amounted to €354,848,992 at 31 December 2012, represented by shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. In accordance with Article 11 of the bylaws, shares registered in the name of the same holder for at least four years carry double voting rights.

RIGHTS ISSUE

On 6 March 2012, Peugeot S.A. carried out a capital increase for cash (rights issue) with preferential subscription rights. The final gross proceeds totalled €999 million, corresponding to the issue of 120,799,648 new shares, each with a par value of €1. The total premium amounted to €878 million, before deducting related costs. These totalled €33 million.

Following the rights issue, the Peugeot family remained PSA Peugeot Citroën's leading shareholder with 25.2% of the capital and 37.9% of exercisable voting rights. The family exercised 32,875,655 preferential subscription rights, representing an investment of approximately €140 million.

As part of its strategic alliance with the Group, General Motors became PSA Peugeot Citroën's second largest shareholder with 7.0% of the capital obtained by purchasing and exercising preferential subscription rights sold by Peugeot SA and the Peugeot family Group, and by purchasing 4,398,821 treasury shares sold by Peugeot S.A.

In all, Peugeot S.A. sold €81 million worth of treasury shares to General Motors and 70 million pre-emptive subscription rights on the market. The sale proceeds, in the amount of €151 million, were recognised directly in equity.

Under the terms of the agreement between General Motors and Peugeot SA, General Motors has given an undertaking not to raise its interest in Peugeot SA before 2022.

(in euros)	31 December 2012	31 December 2011
Share capital at beginning of period	234,049,344	234,049,225
Rights issue	120,799,648	-
Shares issued on conversion of OCEANE bonds	-	119
SHARE CAPITAL AT END OF PERIOD	**354,848,992**	**234,049,344**

At 31 December 2012, the Peugeot family group held 25.5% of Peugeot S.A.'s shares and 38.1% of the voting rights at Shareholders Meetings. After taking account of the dilutive effect of potential shares represented by stock options, the family group's share of voting rights stands at 37.0%.

27.3. EMPLOYEE STOCK OPTIONS

A. PLAN CHARACTERISTICS

Each year between 1999 and 2008, the Managing Board of Peugeot S.A. granted options to certain employees, Directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price. The current terms of the plans are as follows:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	40.68	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	44.76	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	35.16	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	51.65	1,155,000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	28.27	1,345,000

No plan was awarded between 2009 and 2012.

On 31 December 2012, the share price was €5.47.

B. CHANGES IN THE NUMBER OF OPTIONS OUTSTANDING

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

(number of options)	2012	2011
Total at 1 January	**4,698,000**	**5,392,107**
Adjustment to the number of options granted as a result of the capital increase	797,810	-
Options granted	-	-
Options exercised	-	-
Cancelled options	(56,800)	(16,000)
Expired options	(1,067,040)	(678,107)
TOTAL AT 31 DECEMBER	**4,371,970**	**4,698,000**
o/w exercisable options	4,371,970	4,698,000

Options outstanding at the year-end are as follows:

(number of options)	31 December 2012	31 December 2011
2004 Plan	-	912,000
2005 Plan	1,005,030	865,000
2006 Plan	1,003,615	870,500
2007 Plan	1,067,625	922,500
2008 Plan	1,295,700	1,128,000
TOTAL AT 31 DECEMBER	**4,371,970**	**4,698,000**

C. WEIGHTED AVERAGE VALUE OF OPTIONS AND UNDERLYING SHARES

	2012		2011	
(in euros)	Exercise price	Share price	Exercise price	Share price
Value at 1 January	**46.3**		**45.4**	
New options	39.6			
Options granted	-	-	-	-
Options exercised	-	-	-	-
Cancelled options	37.4	25.3	47.0	13.3
Expired options	40.7	24.3	39.1	20.8
VALUE AT 31 DECEMBER	**39.4**		**46.3**	

D. PERSONNEL COSTS ARISING FROM STOCK OPTION PLANS

In line with the principles described in Note 1.22, personnel costs related to the Peugeot S.A. and Faurecia stock option plans are shown in the table below:

CHARGE FOR THE YEAR

	2012			2011
(in million euros)	Peugeot S.A.	Faurecia	Total	Total
2007 Plan	-	-	-	1
2008 Plan	-	-	-	3
TOTAL	**-**	**-**	**-**	**4**

27.4. PERFORMANCE SHARE PLANS

PEUGEOT S.A. PERFORMANCE SHARE PLAN

The first performance share plan was set up in 2010.

A. Plan characteristics

In 2010, the Peugeot S.A. Managing Board decided to use the authorisation given at the Extraordinary Shareholders' Meeting of 2 June 2010 to set up a performance share plan based on cumulative performance targets for 2010, 2011 and 2012. Since the cumulative targets were not achieved, no share was allocated.

No performance shares were granted to members of the Managing Board under the plan.

B. Personnel costs arising from the performance share plan

Since the performance targets were not achieved, the personnel costs arising from the performance share plan recognised at 31 December 2011, were fully written back for €4.1 million at 31 December 2012.

FAURECIA PERFORMANCE SHARE PLAN

In 2010, Faurecia used the authorisation given at the Extraordinary Shareholders' Meeting of 8 February 2010 to establish a performance share plan for executives of Group companies. These shares are subject to service and performance conditions.

The fair value of this plan has been measured by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognised over the vesting period. The amount recognised in income for the period is €2.7 million (compared with an expense of €9.6 million in 2011).

In 2010, the Faurecia Board of Directors made 860,600 performance share grants on 23 June and 887,250 performance share grants on 21 July.

Following the achievement of the performance target in the first plan, 465,400 shares were granted and 2,910,200 are still to be granted. The performance target in the second plan established by the Board on 21 July 2010 was not achieved.

In 2011, the Faurecia Board of Directors made 933,400 performance share grants on 25 July 2011.

In 2012, the Faurecia Board of Directors granted a maximum of 1,027,650 performance shares at its 23 July 2012 meeting.

27.5. PEUGEOT S.A. SHARES

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares. No shares were bought back in 2012. However, the Group sold 4,398,821 treasury shares to General Motors.

Changes in treasury stock are presented in the following table:

A. NUMBER OF SHARES HELD

		2012	2011
(number of shares)	Authorisations	Transactions	Transactions
At beginning of period		**17,187,450**	**7,187,450**
Share buybacks			
AGM of 31 May 2011	16,000,000	-	10,000,000
AGM of 25 April 2012	22,696,289	-	n/a
Share cancellations			
AGM of 31 May 2011	10% of capital	-	-
AGM of 25 April 2012	10% of capital	-	n/a
Share sales (1)		(4,398,821)	-
On exercise of stock options		-	-
Conversion of Oceane bonds		(1)	-
AT PERIOD-END		**12,788,628**	**17,187,450**
Allocation			
• Shares held for allocation to a future liquidity contract		300,000	300,000
• Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		8,064,858	10,908,807
• Shares held for allocation on exercise of outstanding stock options (Note 27.3.B)		4,371,970	4,698,000
• Shares held for allocation on exercise of future stock options		-	462,543
• Shares held for allocation under the performance share plans		-	807,900
• Unallocated shares		51,800	10,200
		12,788,628	**17,187,450**

(1) Treasury shares sold to General Motors.

B. CHANGE IN VALUE

(in million euros)	2012	2011
At beginning of period	(502)	(303)
Acquired	-	(199)
Sale of shares to General Motors net of the preferential subscription rights purchased	81	-
Preferential subscription rights sold on the market	70	-
AT PERIOD-END	**(351)**	**(502)**
Average price per share (in euros)	27.42	

The share price on 31 December 2012 was €5.47.

27.6. RESERVES AND RETAINED EARNINGS, EXCLUDING MINORITY INTERESTS

Reserves and retained earnings, including profit for the year, can be analysed as follows:

(in million euros)	31 December 2012	31 December 2011
Peugeot S.A. legal reserve	28	28
Other Peugeot S.A. statutory reserves and retained earnings	8,023	7,962
Reserves and retained earnings of subsidiaries, excluding minority interests	1,767	6,114
TOTAL	**9,818**	**14,104**

Other Peugeot S.A. statutory reserves and retained earnings include:

(in million euros)	31 December 2012	31 December 2011
Reserves available for distribution:		
Without any additional corporate tax being due	6,955	6,894
After deduction of additional tax (1)	1,068	1,068
TOTAL	**8,023**	**7,962**
Tax on distributed earnings	**169**	**169**

(1) Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.

The amount of Peugeot S.A. reserves available for distribution, free of corporate tax, was updated after the financial report of 13 February 2013, and currently stands at €6,955 million. The total amount of consolidated reserves and net earnings remains unchanged, at €9,818 million.

27.7. MINORITY INTERESTS

Minority interests correspond mainly to the interests of shareholders of Faurecia and of some of its subsidiaries.

NOTE 28 CURRENT AND NON-CURRENT PROVISIONS

28.1. NON-CURRENT PROVISIONS

A. ANALYSIS BY TYPE

(in million euros)	31 December 2012	31 December 2011
Pensions (Note 29.1)	509	557
Early-termination plan	1	5
Other employee benefit obligations	119	126
Other	17	24
TOTAL	**646**	**712**

B. MOVEMENTS FOR THE YEAR

(in million euros)	2012	2011
At beginning of period	**712**	**727**
Movements taken to profit or loss		
Additions	168	180
Releases (utilisations)	(88)	(78)
Releases (unused provisions)	(106)	(45)
	(26)	57
Other changes		
Translation adjustment	(2)	(1)
Change in scope of consolidation and other	(38)	(71)
AT PERIOD-END	**646**	**712**

Provision releases mainly concern pensions. These releases primarily stem from the workforce adjustment plans (see Note 8.3).

28.2. CURRENT PROVISIONS

A. ANALYSIS BY TYPE

(in million euros)	31 December 2012	31 December 2011
Warranties (1)	689	698
Commercial and tax claims and litigation (2)	443	460
Restructuring plans	847	448
Long-term contract losses	587	322
Sales with a buyback commitment	194	133
Other	304	238
TOTAL	**3,064**	**2,299**

(1) The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years.
It corresponds to the expected cost of warranty claims related to vehicles and replacement parts. The amount expected to be recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (Note 24).
(2) Provisions for tax claims concern a number of claims primarily outside France.

B. MOVEMENTS FOR THE YEAR

(in million euros)	2012	2011
At beginning of period	**2,299**	**2,464**
Movements taken to profit or loss		
Provisions (1)	2,112	1,369
Releases (utilisations)	(1,134)	(1,071)
Releases (unused provisions) (2)	(170)	(457)
	808	(159)
Other changes		
Translation adjustment	(38)	(19)
Change in scope of consolidation and other	(5)	13
AT PERIOD-END	**3,064**	**2,299**

(1) The main provisions for restructuring plans in 2012 are discussed in Note 8.3.

(2) The decline in warranty costs resulting from improvements to vehicle quality led to a €71 million reduction in the related provisions in 2012 (€210 million reduction in 2011).

NOTE 29 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

29.1. SUPPLEMENTARY PENSIONS AND RETIREMENT BONUSES

A. PLAN DESCRIPTIONS

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. The Group's only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. The payments are recognised in income for the year. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern (i) the retirement bonuses provided for by collective bargaining agreements, (ii) the portion of the top-hat pension scheme for engineers and management personnel that was not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up to 60% of the employee's final salary (currently covering 2,730 retired employees), and (iii) the pension plan set up by the former subsidiary of the Chrysler Group in France (Talbot), which was closed to new entrants in 1981 and covers 1,900 former employees not receiving benefits and 16,000 retired employees at end-2012, as well as the closed Citroën supplementary plan (ACC) that covered 6,600 retired employees at end-2012.

The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that: (i) they have sat on the Managing Board, Executive Committee, other management body or the Extended Management Committee for a specified minimum period; and (ii) they end their career with the Group. This top-hat plan guarantees an aggregate replacement rate for all plans (statutory and supplementary) of up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse or partner. Since 1 January 2010, a new plan has been in place for new members of the Group's management bodies with the same benefits, on the basis of a reference salary determined on the basis of the fixed salary over the final three years of employment before retirement from the Group, plus a percentage equal to the average of the ratios of bonuses to fixed salary over the final eight years of employment before retirement from the Group.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At 31 December 2012, 20,800 beneficiaries were covered by these plans, including 1,200 active employees, 8,100 former employees not yet retired and 11,500 retired employees. The plans guarantee a replacement rate of up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia Group executives in France comprises:

- a non-contributory defined contribution plan for which contribution rates are based on salary bands A and B; and
- a supplementary defined benefit plan based on salary band C.

B. ASSUMPTIONS

The assumptions used to calculate the Group's projected benefit obligation for the last two years are as follows:

	Euro zone	United Kingdom
Discount rate		
2012	**3.00%**	**4.25%**
2011	4.50%	4.90%
Inflation rate		
2012	**1.80%**	**2.70%**
2011	1.80%	2.90%
Expected return on external funds		
2012	**NA(1)**	**NA(1)**
2011	4.80%	5.50%

(1) Pursuant to IAS 19 (Revised) the return on hedging assets is calculated using a standard rate, not an expected rate, from 1 January 2013.

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

Pending an opinion from the IFRS Interpretations Committee, the Group continues to use the reference group of prime corporate bonds.

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus 1.0% in 2012, and inflation plus 0.5% for subsequent years. The assumption for UK plans is inflation plus 1.0%.

Mortality and staff turnover assumptions are based on the specific economic conditions of each host country.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate less inflation rate) in France or the UK would lead to the following increases or decreases in projected benefit obligations:

	Discount rate +0.25PT	Inflation rate +0.25PT
France	-2.42%	2.99%
United Kingdom	-3.74%	3.25%

The expected return on external funds is estimated based on asset allocation, the period remaining before the benefits become payable and experience-based yield projections.

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2012 of €11 million for French plans and €17 million for UK plans.

In 2012, the Group arranged an interest rate swap for the United Kingdom within the pension fund, making it possible to vary hedging assets in response to changes in the liability at the discount rate.

C. INFORMATION ON EXTERNAL FUNDS

The projected benefit obligation is partially covered by dedicated external funds.

The breakdown of external funds is as follows:

	31 December 2012		31 December 2011	
	Equities	Bonds	Equities	Bonds
France	20%	80%	31%	69%
United Kingdom	40%	60%	38%	62%

In 2012, the actual return on external funds managed by the Group in France and by the pension trusts in the United Kingdom was +12.6% for the French funds and +7.9% for the UK funds. In France, equity funds consist of DJ Eurostoxx index tracker funds, while bond funds are invested in prime European government bonds and, to a lesser extent, in European corporate bonds rated A- or higher.

In the United Kingdom, two-thirds of the equity portfolio is invested in funds that track the main UK, European, US and Japanese stock market indices. The remaining third is actively managed and invested in UK stocks. Bond funds track the main bond indices. This includes inflation-indexed gilt indices and corporate bond indices.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2012, no decision had been made as to the amount of contributions to be paid in 2013.

In 2013, no contribution was paid to the external fund for the top-hat pension plan for Peugeot S.A. senior executives.

In the United Kingdom, the Group's annual contribution amounted to £68 million (€82 million) in 2012. It is estimated at £37 million (€46 million) for 2013, although this sum may change in light of the negotiations planned for 2013.

D. MOVEMENT FOR THE YEAR

EXCLUDING MINIMUM FUNDING REQUIREMENT (IFRIC 14)

	2012				2011			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Projected benefit obligation								
At beginning of period: Present value	**(1,587)**	**(1,621)**	**(579)**	**(3,787)**	**(1,649)**	**(1,478)**	**(483)**	**(3,610)**
Service cost	(50)	(15)	(18)	(83)	(48)	(15)	(15)	(78)
Interest cost	(70)	(80)	(24)	(174)	(77)	(80)	(24)	(181)
Benefit payments for the year	96	71	31	198	94	63	29	186
Unrecognised actuarial gains and (losses):								
• amount	(249)	(101)	(98)	(448)	53	(62)	(1)	(10)
• as a % of projected benefit obligation	15.7%	6.2%	16.9%	11.8%	3.2%	4.2%	0.2%	0.3%
Past service cost	-	-	-	-	-	-	-	-
Translation adjustment	-	(38)	2	(36)	-	(49)	(3)	(52)
Effect of changes in scope of consolidation and other (1)	11	2	26	39	-	-	(82)	(82)
Effect of curtailments and settlements	102	-	6	108	40	-	-	40
AT PERIOD-END: PRESENT VALUE	**(1,747)**	**(1,782)**	**(654)**	**(4,183)**	**(1,587)**	**(1,621)**	**(579)**	**(3,787)**
External fund								
At beginning of period: Fair value	**1,101**	**1,735**	**301**	**3,137**	**1,173**	**1,533**	**196**	**2,902**
Expected return on external funds	49	98	12	159	51	86	10	147
Unrecognised actuarial gains and (losses):								
• amount	53	7	2	62	(32)	6	(11)	(37)
• as a % of external funds	4.8%	0.4%	0.7%	2.0%	2.7%	0.4%	5.6%	1.3%
Translation adjustment	-	40	-	40	-	53	2	55
Employer contributions	3	82	21	106	4	120	19	143
Benefit payments for the year	(92)	(71)	(21)	(184)	(95)	(63)	(23)	(181)
Effect of changes in scope of consolidation and other (1)	(7)	2	(8)	(13)	-	-	108	108
Effect of curtailments and settlements	-	-	(2)	(2)	-	-	-	-
AT PERIOD-END: FAIR VALUE	**1,107**	**1,893**	**305**	**3,305**	**1,101**	**1,735**	**301**	**3,137**
Deferred items								
At beginning of period	**199**	**(58)**	**28**	**169**	**243**	**(115)**	**18**	**146**
Deferred items arising in the year	196	93	97	386	(21)	56	12	47
Amortisation of unrecognised deferred items	(15)	3	(2)	(14)	(21)	2	(2)	(21)
• actuarial gains and losses	(11)	3	(1)	(9)	(13)	2	(2)	(13)
• past service cost	(4)	-	(1)	(5)	(8)	-	-	(8)
Translation adjustments and other	-	(2)	(1)	(3)	-	(1)	-	(1)
Effect of curtailments and settlements	(3)	-	-	(3)	(2)	-	-	(2)
AT PERIOD-END	**377**	**36**	**122**	**535**	**199**	**(58)**	**28**	**169**

(1) Of which €39 million for Gefco, -€18 million for Sevelnord and €4 million for Citer and Atesa.

E. RECONCILIATION OF BALANCE SHEET ITEMS

	31 December 2012				31 December 2011			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1,747)**	**(1,782)**	**(654)**	**(4,183)**	**(1,587)**	**(1,621)**	**(579)**	**(3,787)**
Fair value of external funds	1,107	1,893	305	3,305	1,101	1,735	301	3,137
Plan surplus (deficit)	**(640)**	**111**	**(349)**	**(878)**	**(486)**	**114**	**(278)**	**(650)**
Unrecognised deferred items								
• Actuarial gains and losses	319	36	122	477	132	(58)	28	102
• Past service cost	58	-	-	58	67	-	-	67
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET BEFORE MINIMUM FUNDING REQUIREMENT (IFRIC 14)	**(263)**	**147**	**(227)**	**(343)**	**(287)**	**56**	**(250)**	**(481)**
Minimum funding requirement liability (IFRIC 14)	-	(12)	-	(12)	-	-	-	-
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET	**(263)**	**135**	**(227)**	**(355)**	**(287)**	**(56)**	**(250)**	**(481)**
Of which, liability	(264)	(18)	(227)	(509)	(287)	(19)	(251)	(557)
Of which, asset	1	153	-	154	1	75	-	76
Of which, unfunded plans	*1.9%*	*0.0%*	*14.5%*	*3.1%*	*0.9%*	*0.0%*	*9.4%*	*1.7%*

The present value of the projected benefit obligation of French companies includes benefit obligations towards members of the managing bodies (described in Note 40), totalling €68 million for supplementary pension benefits and €1 million for retirement bonuses. The service cost related to these two plans amounted to €8 million for 2012.

Unrecognised past service cost arose mainly from the French metalworking industry agreements dated 21 June 2010.

The €71 million increase in the projected benefit obligation at 31 December 2010 resulting from these agreements was treated as the effect of a plan amendment and reported under "past service cost". The portion corresponding to unvested rights is being recognised in profit or loss on a straight-line basis over the vesting period. The remaining (vested) portion was recognised in 2010.

In Germany, a Contractual Trust Agreement (CTA) was set up at the end of 2011. This type of contract allows assets to be transferred to a trustee-administered external fund and to qualify as "plan assets" as defined in IAS 19. The CTA assets amounted to €49 million at 31 December 2011. They were previously recorded for the most part in "Other non-current assets".

Historical data

(in million euros)	2012	2011	2010	2009	2008	2007
Projected benefit obligation	**(4,183)**	**(3,787)**	**(3,610)**	**(3,514)**	**(3,228)**	**(3,768)**
Fair value of external funds	**3,305**	**3,137**	**2,902**	**2,691**	**2,409**	**3,023**
Plan surplus (deficit)	**(878)**	**(650)**	**(708)**	**(823)**	**(819)**	**(745)**
Experience adjustments						
• France	(9)	29	50	(18)	(22)	41
• United Kingdom	-	(22)	13	4	(6)	29
• Other countries	8	(2)	1	7	3	7
TOTAL EXPERIENCE ADJUSTMENTS TO PROJECTED BENEFIT OBLIGATIONS	**(1)**	**5**	**64**	**(7)**	**(25)**	**77**

F. EXPENSES RECOGNISED IN THE INCOME STATEMENT

These expenses are recorded as follows:

- service cost and amortisation of deferred items are recorded under "Selling, general and administrative expenses";
- interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively;
- the impact of restructuring and changes in the minimum funding requirement liability recognised in accordance with IFRIC 14 (see Note 1.21) are reported under "Non-recurring operating income" or "Non-recurring operating expenses".

Pension expenses break down as follows:

	2012				2011			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(50)	(15)	(18)	(83)	(48)	(15)	(15)	(78)
Amortisation of deferred items	(15)	3	(2)	(14)	(21)	2	(2)	(21)
• actuarial gains and losses	*(11)*	*3*	*(1)*	*(9)*	*(13)*	*2*	*(2)*	*(13)*
• service cost	*(4)*	*-*	*(1)*	*(5)*	*(8)*	*-*	*-*	*(8)*
Interest cost	(70)	(80)	(24)	(174)	(77)	(80)	(24)	(181)
Expected return on external funds	49	98	12	159	51	86	10	147
Effect of curtailments and settlements [(1)]	99	-	4	103	38	-	-	38
Total (before minimum funding requirement liability)	13	6	(28)	(9)	(57)	(7)	(31)	(95)
Change in minimum funding requirement liability (IFRIC14)	-	(12)	-	(12)	-	-	-	-
TOTAL	**13**	**(6)**	**(28)**	**(21)**	**(57)**	**(7)**	**(31)**	**(95)**

(1) Effect of curtailments and settlements.

Workforce adjustment measures led to an additional €103 million in pension obligations being reversed (€38 million in 2011) mainly under the plan to restructure the Automotive Division's manufacturing base in France announced in July 2012 (see Note 8.3).

G. PROJECTED BENEFIT PAYMENTS IN 2013

Pension benefits payable in 2013 are estimated at €184 million.

H. IMPACT OF THE APPLICATION OF THE AMENDMENT TO IAS 19 APPLICABLE TO THE 2013 CONSOLIDATED FINANCIAL STATEMENTS

Its impact is described in Note 1. It will result in provisions being funded for the full amount of the projected benefit obligation less the fair value of plan assets, representing a €187 million increase at 1 January 2012.

29.2. LONG-SERVICE AWARDS

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The value of this liability is calculated using the same method and assumptions used to measure supplementary pension benefits and retirement bonuses described in Note 29.1.B above. The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in million euros)	31 December 2012	31 December 2011
French companies	46	43
Foreign companies	27	26
TOTAL	**73**	**69**

29.3. HEALTHCARE BENEFITS

In addition to the pension obligations described above, some Faurecia Group companies, mainly in the United States, pay the healthcare costs of their employees. The related liability is provided for in full as follows:

(in million euros)	31 December 2012	31 December 2011
	21	33

NOTE 30 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES - MANUFACTURING AND SALES COMPANIES

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in Note 1.16.C. Derivatives are accounted for as set out in Note 1.16.D.

	31 December 2012		31 December 2011	
	Amortised cost or fair value		Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds [1]	907	15	679	13
Other bonds	4,616	960	4,413	79
Employee profit-sharing fund	4	2	17	4
Finance lease liabilities	243	90	242	155
Other long-term borrowings	2,037	719	2,282	228
Other short-term financing and overdraft facilities	-	1,072	-	1,655
Derivative instruments	21	6	6	6
TOTAL FINANCIAL LIABILITIES	**7,828**	**2,864**	**7,639**	**2,140**

(1) *The amortised cost of OCEANE convertible bonds corresponds to the debt component. The equity component - corresponding to the conversion option - is recognised separately in equity.*

30.1. REFINANCING TRANSACTIONS

The financial risk management policy is set out in Note 37.1.

A. MAIN REFINANCING TRANSACTIONS CARRIED OUT IN 2012

Peugeot S.A. bond issues

On 11 April 2012, Peugeot S.A. issued €600 million worth of 5,625% bonds due in July 2017, under the EMTN programme. This issue enabled PSA Peugeot Citroën to pre-refinance its 2013 debt maturities on favourable terms, extending the average life of its debt and thereby strengthening its balance sheet.

The €600 million worth of 2003 fixed-rate bonds due in 2033, had been converted into variable-rate by means of interest-rate swaps. This swap was unwound in 2012, bringing in cash proceeds of €304 million.

Faurecia bond issues

On 21 February 2012, Faurecia increased its €350 million 9,375% bond issue due December 2016 that was carried out on 3 November 2011, through a €140 million tap issue.

On 3 May 2012, Faurecia issued €250 million worth of 8.75% bonds due June 2019.

Peugeot S.A. syndicated credit facility

On 9 July 2010, Peugeot S.A rolled over in advance a €2,400 million three-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks.

In July 2011, a first one-year extension was accepted by the banks, to July 2014.

In July 2012, PSA Peugeot Citroën obtained a second one-year extension to July 2015 for a €2,225 million tranche, with the remainder still due July 2014.

Faurecia syndicated credit facility

In December 2011, Faurecia obtained a new €1,150 million syndicated credit facility. The facility comprises a €690 million tranche expiring in November 2014 with a two-year extension option and a €460 million tranche expiring in December 2016.

Following the exercise of the first extension option in 2012, the first tranche is now split into a €41 million tranche expiring in December 2014, a €649 million tranche expiring in December 2015, benefiting from a second option to extend the due date to December 2016.

B. CHARACTERISTICS OF THE PEUGEOT S.A. AND FAURECIA OCEANE CONVERTIBLE BONDS:

Peugeot S.A. Oceane convertible bonds

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.

At 31 December 2012, 1,311 bonds had been converted. The debt component of the issue amounted to €504 million.

Faurecia Oceane convertible bonds

On 26 November 2009, Faurecia issued €211 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 11,306,058 bonds are due 1 January 2015 and pay interest at an annual nominal rate of 4.50%.

At 31 December 2012, 1,615 bonds had been converted into 1,617 new Faurecia shares. The debt component of the issue amounted to €199 million.

On 18 September 2012, Faurecia issued €250 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 12,833,675 bonds are due on 1 January 2018 and pay interest at an annual nominal rate of 3.25%.

At 31 December 2012, no bond had been converted. The debt component of the issue amounted to €201 million.

30.2. CHARACTERISTICS OF BONDS AND OTHER BORROWINGS

	Carrying amount at 31 December 2012			
(in million euros)	Non-current	Current	Issuing currency	Due
Manufacturing and sales companies (excl. Faurecia)				
2009 convertible bond issue - €575m	504	13	EUR	T1/2016
Faurecia				
2009 convertible bond issue - €211m	199	-	EUR	T1/2015
2012 convertible bond issue - €250m	201	2	EUR	T1/2018
2012 redeemable bond issue - €9m	3	-	EUR	T4/2016
TOTAL CONVERTIBLE BOND ISSUES	**907**	**15**		
Manufacturing and sales companies (excl. Faurecia)				
2003 bond issue - €600m	897	10	EUR	T3/2033
2009 bond issue - €750m	746	29	EUR	T3/2014
2010 bond issue - €500m	498	14	EUR	T2/2015
2010 bond issue - €500m	-	503	EUR	T4/2013
2010 bond issue - €500m	496	5	EUR	T4/2016
2011 bond issue - €350m	-	353	EUR	T4/2013
2011 bond issue - €150m	150	1	EUR	T4/2016
2011 bond issue - €500m	497	26	EUR	T1/2016
2012 bond issue - €600m	595	16	EUR	T3/2017
Faurecia				
2011 bond issue - €490m	490	2	EUR	T4/2016
2011 bond issue - €250m	247	1	EUR	T2/2019
TOTAL BOND ISSUES	**4,616**	**960**		
Manufacturing and sales companies (excl. Faurecia) – euro-denominated loans				
EIB loan [(1)] - €400m	-	398	EUR	T2/2013
EIB loan [(1)] - €250m	250	-	EUR	T4/2014
EIB loan [(1)] - €200m	154	43	EUR	T3/2017
EIB loan [(1)] - €125m	88	25	EUR	T4/2017
FDES loan [(1)] - Zero coupon	24	-	EUR	T1/2020
Borrowings - Spain	189	-	EUR	2013 to 2026
Borrowings - Russia	256	7	EUR	2017 to 2019
Other borrowings	39	-		
Manufacturing and sales companies (excl. Faurecia) – foreign currency loans				
Borrowings - Brazil	413	168	BRL	2013 to 2024
Borrowings - Russia	57	1	RUB	2019
Other borrowings	77	22	nc	nc
Faurecia				
Syndicated loan - France [(2)]	18	-	EUR	T4/2014
Syndicated loan - France [(2)]	282	-	EUR	T4/2015
Syndicated loan - France [(2)]	-	-	EUR	T4/2016
Other borrowings	190	55	EUR	nc
TOTAL OTHER LONG-TERM BORROWINGS	**2,037**	**719**		

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

(2) These contracts include covenants, certain of which concern financial ratios. These clauses are presented in Note 37.1.A.

30.3. CHARACTERISTICS OF OTHER SHORT-TERM FINANCING AND OVERDRAFT FACILITIES

(in million euros)	Issuing currency	Carrying amount at 31 December 2012	Carrying amount at 31 December 2011
Commercial paper	EUR	224	269
Short-term loans	N/A	402	694
Bank overdrafts	N/A	392	266
Payments issued [1]	N/A	22	426
Factoring liabilities on assets that have not been derecognised	N/A	32	-
TOTAL		**1,072**	**1,655**

(1) This item corresponds to payments issued but not yet debited from the bank accounts, as the due date was not a bank business day.

30.4. FINANCE LEASE LIABILITIES

The present value of future payments under finance leases reported in "Other borrowings" can be analysed as follows by maturity:

(in million euros)	31 December 2012	31 December 2011
2012	-	167
2013	105	58
2014	43	43
2015	42	38
2016	13	11
2017	12	-
2018	12	-
Subsequent years	129	106
	356	**423**
Less interest portion	(23)	(26)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	**333**	**397**
Of which short-term	90	155
Of which long-term	243	242

30.5. SALES OF RECEIVABLES

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions (see Note 23).

The sold receivables are derecognised when they meet the criteria specified in IFRS (see Note 1.18).

(in million euros)	31 December 2012			31 December 2011		
	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Portion sold and derecognised	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Portion sold and derecognised
Maximum authorised facilities	**1,501**			**1,215**		
• *of which Faurecia Group*	*710*			*749*		
Receivables sold to non-Group financial institutions	**864**	186	678	**691**	161	530
• *of which Faurecia Group*	*282*	*105*	*177*	*363*	*102*	*261*
Financed portion (1)	799	121	678	596	66	530
• *of which Faurecia Group*	*266*	*89*	*177*	*327*	*66*	*261*
Portion not financed (including guarantee deposit)	65	65		95	95	
• *of which Faurecia Group*	*16*	*16*		*36*	*36*	

(1) The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.

In 2012, Peugeot S.A. and Faurecia sold and derecognised their 2011 French research tax credits, as well as the 2010 balance for Peugeot S.A., for a total of €128 million. The cash proceeds received at 31 December 2012 amounted to €117 million.

The sale of receivables constitutes usual short-term financing.

No transaction was carried out in December 2012 outside of the sale of receivables programme.

NOTE 31 OTHER NON-CURRENT LIABILITIES

(in million euros)	31 December 2012	31 December 2011
Liabilities related to vehicles sold with a buyback commitment	3,166	2,842
Derivative instruments (1)	12	15
Other	6	8
TOTAL	**3,184**	**2,865**

(1) This item includes the non-current portion of currency and commodity derivatives.

NOTE 32 FINANCING LIABILITIES - FINANCE COMPANIES

Financing liabilities are accounted for as described in Note 1.16.C.

(in million euros)	31 December 2012	31 December 2011
Bonds issued by securitisation funds (Note 30.1)	4,246	3,963
Other bond debt	413	413
Other debt securities (Note 30.2)	8,891	12,690
Bank borrowings (Note 30.3)	8,103	4,995
	21,653	22,061
Customer deposits	487	482
	22,140	22,543
Amounts due to Group manufacturing and sales companies	(279)	*(257)*
TOTAL	**21,861**	**22,286**

32.1. BONDS ISSUED BY SECURITISATION FUNDS

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. The new securitisation transactions carried out in 2012 with external investors are described in Note 20 "Loans and receivables - Finance companies".

These transactions are reported under "Bonds issued by securitisation funds" for €4,246 million at 31 December 2012 (€3,963 million at 31 December 2011).

32.2. OTHER DEBT SECURITIES

"Other debt securities" consist mainly of EMTN/BMTNs for €8,099 million (€8,425 million at 31 December 2011) and certificates of deposit and commercial paper for €147 million (€3,754 million at 31 December 2011).

In 2012, Banque PSA Finance continued to diversify its financing sources, in line with the strategy followed in prior years. It took advantage of strong investor demand in the fixed income markets to carry out the following EMTN issues:

- in January 2012, €700 million at a fixed rate of 6% due in July 2014;
- in June 2012, CHF 225 million at a fixed rate of 3.25% (€188 million at the issue date) due in September 2015;
- in June 2012, €600 million at a fixed rate of 4,875% due in September 2015.

In all, Banque PSA Finance raised over €1,488 million (based on issue date values) on the EMTN market.

32.3. BANK BORROWINGS

In 2012, Banque PSA Finance borrowed €2,900 million from the European Central Bank (ECB), in particular under the ECB's long-term refinancing operation (LTRO).

Banque PSA Finance has a €923 million syndicated line of credit expiring in January 2013, arranged with a bank syndicate in 2011. At 31 December 2012, €473 million of this had been drawn down.

In 2011, Banque PSA Finance also arranged confirmed bilateral lines of credit expiring in over a year, drawn down or "back up", for circa €2 billion. The "back-up" bilateral lines totalled €1,742 million at 31 December 2012, of which €1,325 million had been drawn down. The undrawn portion corresponds to long-term financing commitments received from banks.

32.4. ANALYSIS BY MATURITY

(in million euros)	31 December 2012				
	Bonds issued by securitisation funds	Bonds	Other debt securities	Bank borrowings	Total
Less than three months	555	-	1,321	5,142	7,018
Three months to one year	465	413	1,450	1,074	3,402
Two to five years	3,226	-	5,930	1,887	11,043
Beyond five years	-	-	190	-	190
TOTAL	**4,246**	**413**	**8,891**	**8,103**	**21,653**

(in million euros)	31 December 2011				
	Bonds issued by securitisation funds	Bonds	Other debt securities	Bank borrowings	Total
Less than three months	410	-	4,258	1,115	5,783
Three months to one year	761	-	1,940	1,519	4,220
Two to five years	2,758	413	6,299	2,361	11,831
Beyond five years	34	-	193	-	227
TOTAL	**3,963**	**413**	**12,690**	**4,995**	**22,061**

32.5. ANALYSIS BY REPAYMENT CURRENCY

All bonds are mainly repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

(in million euros)	31 December 2012		31 December 2011	
	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings
EUR	10,755	7,065	15,203	3,499
GBP	899	302	-	712
USD	947	-	966	-
JPY	44	-	100	-
BRL	540	320	777	381
CHF	316	2	-	17
CZK	-	58	-	78
Other	49	356	20	308
TOTAL	**13,550**	**8,103**	**17,066**	**4,995**

32.6. LINES OF CREDIT

(in million euros)	31 December 2012	31 December 2011
Undrawn confirmed lines of credit	6,726	7,955

Of which the following loans and facilities to be drawn down in the order below:

- €417 million undrawn on the long-term bilateral back up lines of credit, out of a total available of €1,742 million;
- €450 million undrawn on a €923 million line of credit due in January 2013;
- €1,755 million due in July 2013;
- €2,000 million due in June 2014;
- €277 million due in December 2014;
- €1,723 million due in December 2015.

On 11 January 2013, Banque PSA Finance signed a new five-year €4,100 million syndicated line of credit with a due date on early 2018 (see Note 37.1.A).

NOTE 33 OTHER PAYABLES

33.1. MANUFACTURING AND SALES COMPANIES

(in million euros)	31 December 2012	31 December 2011
Taxes payable other than income taxes	706	837
Personnel-related payables	961	1,051
Payroll taxes	454	468
Payable on fixed asset purchases	421	284
Customer prepayments	747	704
Derivative instruments [(1)]	71	164
Deferred income	638	446
Miscellaneous other payables [(2)]	477	680
TOTAL	**4,475**	**4,634**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analysed by maturity in Note 37, "Management of financial risks".

(2) At 31 December 2012, this item in particular included €75 million due on the shares in Changan PSA Automobiles Co., Ltd which has not yet been paid up.

33.2. FINANCE COMPANIES

(in million euros)	31 December 2012	31 December 2011
Personnel-related payables and payroll taxes	118	101
Derivative instruments [(1)]	116	186
Deferred income and accrued expenses	465	415
Miscellaneous other payables	392	402
TOTAL	**1,091**	**1,104**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge interest rate risks on financing liabilities and receivables. These instruments are analysed by maturity in Note 37, "Management of financial risks".

NOTE 34 NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

34.1. ANALYSIS

(in million euros)	31 December 2012	31 December 2011
Financial assets and liabilities of the manufacturing and sales companies		
Cash and cash equivalents	5,421	5,190
Other non-current financial assets	664	1,035
Current financial assets	1,501	265
Non-current financial liabilities	(7,828)	(7,639)
Current financial liabilities	(2,906)	(2,210)
(NET DEBT) NET FINANCIAL POSITION OF THE MANUFACTURING AND SALES COMPANIES	**(3,148)**	**(3,359)**
Of which external loans and borrowings	(3,385)	(3,538)
Of which financial assets and liabilities with finance companies	237	179

€1,353 million (€117 million at 31 December 2011) and €550 million (€935 million at 31 December 2011) in current and non-current financial assets were included in the calculation of liquidity reserves, representing a total of €1,903 million (€1,052 million at 31 December 2011) (see Note 34.4).

The reduction in net debt reflects a €307 million change in net cash (see Note 34.2), €448 million in cash proceeds from the disposal of Citer and its subsidiaries, and €70 million negative effect in non-cash movements.

34.2. CHANGE IN NET DEBT

Net cash from operating activities for the year totalled negative €431 million, representing funds from operations of €1,033 million less the negative impact of a €602 million increase in working capital. Changes in working capital are discussed in Note 35.2.

Investments for the year in property, plant and equipment and intangible assets amounted to €3,369 million. Other financing needs stood at €326 million for the year and mainly concerned investing activities.

Cash inflows for the year were as follows:

- €711 million from asset disposals (the main transactions are described in Note 2);
- €1,028 million from the rights issue (see Note 27);
- €532 million in dividends from Banque PSA Finance, including a €360 million extraordinary dividend;
- €54 million from the sale of treasury stock to General Motors, and €35 million from the sale of preferential subscription rights on the market (see Note 27);
- the disposal of 75% of the shares in Gefco S.A. for €797 million and an exceptional dividend of €100 million;
- €307 million increase in net debt.

The financial risk management policy is described in Note 37.1.

34.3. SYNDICATED LINES OF CREDIT

The Group's manufacturing and sales companies have the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2016:

(in million euros)	31 December 2012	31 December 2011
Peugeot S.A. and GIE PSA Trésorerie(1)	2,400	2,400
Faurecia (2)	850	660
UNDRAWN CONFIRMED LINES OF CREDIT	**3,250**	**3,060**

(1) This €2,400 million line of credit that, at 31 December 2011, was due to expire in July 2014 had a €2,225 million tranche extended to July 2015, with the remaining €175 million continuing to be due in July 2014. This line of credit was undrawn at 31 December 2012.

The drawdown of this line of credit is conditional on the ratio of the net debt of manufacturing and sales companies to equity being under one.

(2) Faurecia's additional borrowing capacity, distinct frome those of Peugeot S.A., stems from a €1,150 million syndicated line of credit that was not fully drawn down at 31 December 2012:

- *€23 million undrawn out of an available total of €41 million due in December 2014;*
- *€367 million undrawn out of an available total of €649 million due in December 2015;*
- *€460 million due in December 2016.*

34.4. LIQUIDITY RESERVES

The liquidity reserves are made up of available cash and other readily available sources of cash.

(in million euros)	31 December 2012	31 December 2011
Cash and cash equivalents (Note 26.1)	5,421	5,190
Current & non current financial assets (Note 34.1)	1,903	1,052
Total	7,324	6,242
Lines of credit (undrawn) – excluding Faurecia (Note 34.3)	2,400	2,400
Lines of credit (undrawn) – Faurecia (Note 34.3)	850	660
TOTAL LIQUIDITY RESERVES	**10,574**	**9,302**

The liquidity reserves cover all currently anticipated financing needs for the manufacturing and sales companies over the coming twelve months.

NOTE 35 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

35.1. ANALYSIS OF NET CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENTS OF CASH FLOWS

(in million euros)	2012	2011
Cash and cash equivalents (Note 26.1)	5,421	5,190
Payments issued (Note 30.3)	(22)	(426)
Net cash and cash equivalents - manufacturing and sales companies	**5,399**	**4,764**
Net cash and cash equivalents - finance companies (Note 26.2)	**1,669**	**1,154**
Elimination of intragroup transactions	*(279)*	*(224)*
TOTAL	**6,789**	**5,694**

35.2. ANALYSIS OF THE CHANGE IN WORKING CAPITAL

A. MANUFACTURING AND SALES COMPANIES

(in million euros)	2012	2011
(Increase) decrease in inventories	339	(661)
(Increase) decrease in trade receivables [(1)]	(9)	(319)
Increase (decrease) in trade payables	(835)	97
Change in income taxes	102	12
Other changes	(199)	187
	(602)	(684)
Net cash flows with Group finance companies	*(92)*	*(3)*
TOTAL	**(694)**	**(687)**

(1) Including a €148 million decrease in receivables related to sales of receivables to non-Group financial institutions (€228 million in 2011). (See Note 23).

B. FINANCE COMPANIES

(in million euros)	2012	2011
Increase (decrease) in finance receivables	1,151	(976)
Increase (decrease) in short-term investments	(64)	(85)
(Increase) decrease in financing liabilities	(322)	915
Change in income taxes	(33)	(8)
Other changes	28	(168)
	760	(322)
Net cash flows with Group manufacturing and sales companies	*28*	*(174)*
TOTAL	**788**	**(496)**

35.3. ANALYSIS OF THE CHANGE IN BALANCE SHEET ITEMS OF MANUFACTURING AND SALES COMPANIES

	2012						
(in million euros)	At 1 January	Cash flows from operating activities	Cash flows from investing activities	Changes in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(6,609)	339	-	(29)	106	-	(6,193)
Trade receivables [1]	(2,387)	(12)	-	317	68	-	(2,014)
Trade payables	9,675	(818)	-	(306)	(79)	-	8,472
Income taxes	(76)	103	-	(10)	8	-	25
Other receivables	(1,935)	(109)	(1)	56	25	(2)	(1,966)
Other payables	4,634	(182)	40	50	(62)	(5)	4,475
	3,302	(679)	39	78	66	(7)	2,799
Net cash flows with Group finance companies	*106*	(92)	-	30	1	-	*45*
TOTAL	**3,408**	**(771)**	**39**	**108**	**67**	**(7)**	**2,844**

(1) Including a €148 million decrease in receivables related to sales of receivables to non-Group financial institutions (see Note 23).

The change in working capital in the consolidated statement of cash flows at 31 December 2012 (€602 million negative effect) corresponds to cash flows from operating activities (€680 million negative effect), exchange differences (€76 million negative effect) and other movements (€154 million) including the impact of the payment for the investment in Changan PSA Automobiles Co. Ltd. recognised in 2012, having no impact on the statement of cash flows.

Cash flows from operating activities of manufacturing and sales companies	**(679)**
Exchange differences	*(76)*
Other changes	*153*
CHANGE IN WORKING CAPITAL IN THE STATEMENT OF CASH FLOWS	**(602)**

	2011						
(in million euros)	At 1 January	Cash flows from operating activities	Cash flows from investing activities	Changes in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(5,947)	(661)	-	(50)	49	-	(6,609)
Trade receivables [1]	(2,051)	(319)	-	(24)	7	-	(2,387)
Trade payables	9,571	97	-	11	(4)	-	9,675
Income taxes	(110)	12	-	10	12	-	(76)
Other receivables	(1,959)	(61)	15	11	16	43	(1,935)
Other payables	3,937	518	87	56	(9)	45	4,634
	3,441	(414)	102	14	71	88	3,302
Net cash flows with Group finance companies	*108*	(13)	-	10	1	-	*106*
TOTAL	**3,549**	**(427)**	**102**	**24**	**72**	**88**	**3,408**

(1) Including a €228 million decrease in receivables related to sales of receivables to non-Group financial institutions.

The 2011 negative change in working capital in the consolidated statement of cash flows (€684 million) corresponds to cash flows from operating activities (€414 million negative effect), exchange differences (€51 million negative effect) and other movements (€219 million negative effect) including the impact of the first time consolidation of Changan PSA Automobiles Co. Ltd., that do not have any impact on the statement of cash flows.

Cash flows from operating activities of manufacturing and sales companies	**(414)**
Exchange differences	*(51)*
Other changes	*(219)*
CHANGE IN WORKING CAPITAL IN THE STATEMENT OF CASH FLOWS	**(684)**

35.4. ANALYSIS OF THE CHANGE IN OTHER FINANCIAL ASSETS AND LIABILITIES OF MANUFACTURING AND SALES COMPANIES

(in million euros)	2012	2011
Increase in borrowings	1,943	2,223
Repayment of borrowings and conversion of bonds	(599)	(4,439)
(Increase) decrease in non-current financial assets	187	(237)
(Increase) decrease in current financial assets	(505)	35
Increase (decrease) in current financial liabilities	(351)	57
	675	(2,361)
Net cash flows with Group finance companies	4	*78*
TOTAL	**679**	**(2,283)**

35.5. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

(in million euros)	2012	2011
Depreciation and amortisation expense (Note 6)	(2,886)	(2,891)
Impairment of goodwill (Note 14.1)	(10)	-
Impairment of capitalised development costs (Note 14.1)	(1,593)	(27)
Impairment of intangible assets (Note 14.1)	(84)	-
Impairment of property, plant and equipment (Note 15)	(1,593)	(57)
Negative goodwill recognised on a bargain purchase (Note 8)	67	-
Other	(17)	(6)
TOTAL	**(6,116)**	**(2,981)**

35.6. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

(in million euros)	2012	2011
Interest received	51	106
Interest paid	(474)	(536)
NET INTEREST RECEIVED (PAID)	**(423)**	**(430)**

NOTE 36 FINANCIAL INSTRUMENTS

A. FINANCIAL INSTRUMENTS REPORTED IN THE BALANCE SHEET

	31 December 2012		Analysis by class of instrument				
(in million euros)	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	62	62	-	62	-	-	-
Other non-current financial assets	772	772	374	171	227	-	-
Other non-current assets	518	518	-	79	437	-	2
Loans and receivables - finance companies	23,095	22,896	-	-	23,095	-	-
Short-term investments - finance companies	867	867	867	-	-	-	-
Trade receivables - manufacturing and sales companies	1,827	1,827	-	-	1,827	-	-
Other receivables	2,799	2,799	-	-	2,419	-	380
Current financial assets	1,501	1,501	688	-	812	-	1
Cash and cash equivalents	6,811	6,811	6,811	-	-	-	-
ASSETS	**38,252**	**38,053**	**8,740**	**312**	**28,817**	**-**	**383**
Non-current financial liabilities [(1)]	7,828	7,708	-	-	85	7,722	21
Other non-current liabilities (Note 31)	18	18	-	-	6	-	12
Financing liabilities - finance companies	21,861	22,410	-	-	-	21,861	-
Trade payables	8,463	8,463	-	-	8,463	-	-
Other payables	5,257	5,257	-	-	5,085	-	172
Current financial liabilities	2,864	2,892	-	-	-	2,858	6
LIABILITIES	**46,291**	**46,748**	**-**	**-**	**13,639**	**32,441**	**211**

(1) *The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€602 million) and Faurecia (€468 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.*

	31 December 2011		Analysis by class of instrument				
(in million euros)	Carrying amount	Fair value	Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	86	86	-	86	-	-	-
Other non-current financial assets	1,061	1,061	547	122	157	-	235
Other non-current assets	452	452	1	109	342	-	-
Loans and receivables - finance companies	24,307	24,132	-	-	24,307	-	-
Short-term investments - finance companies	877	877	877	-	-	-	-
Trade receivables - manufacturing and sales companies	2,220	2,220	-	-	2,220	-	-
Other receivables	2,795	2,795	-	-	2,364	-	431
Current financial assets	265	265	-	-	238	-	27
Cash and cash equivalents	6,120	6,120	6,120	-	-	-	-
ASSETS	**38,183**	**38,008**	**7,545**	**317**	**29,628**	**-**	**693**
Non-current financial liabilities [(1)]	7,639	7,310	-	-	22	7,611	6
Other non-current liabilities (Note 31)	23	23	-	-	8	-	15
Financing liabilities - finance companies	22,286	22,854	-	-	-	22,286	-
Trade payables	9,665	9,665	-	-	9,665	-	-
Other payables	5,434	5,434	-	-	5,126	-	308
Current financial liabilities	2,140	2,140	-	-	-	2,134	6
LIABILITIES	**47,187**	**47,426**	**-**	**-**	**14,821**	**32,031**	**335**

(1) The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€573 million) and Faurecia (€227 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

The main valuation methods applied are as follows:

FINANCIAL ASSETS CLASSIFIED AS "AT FAIR VALUE THROUGH PROFIT OR LOSS" AND "DERIVATIVE INSTRUMENTS"

- The fair value of "cash and cash equivalents" is equivalent to their carrying amount, in view of their very short maturities.
- Other items recognised at fair value through profit or loss and derivative interest rate and currency hedging instruments are measured by using a valuation technique that benchmarks interbank rates (such as Euribor, etc) and daily foreign exchange rates set by the European Central Bank. Derivative commodity hedging instruments are valued by external experts. All the financial instruments in this category are financial assets and liabilities designated at fair value through profit or loss on initial recognition in accordance with the criteria set out in Note 1.16.

FINANCIAL ASSETS CLASSIFIED AS "AVAILABLE FOR SALE"

- "Investments in non-consolidated companies" are stated at fair value in the balance sheet, in accordance with IAS 39 (Note 1.16.B (2) (a)).
- For Other non-current financial assets classified as available-for-sale, fair value corresponds to their quoted market price at the balance sheet date (Note 1.16.B (2) (b)).
- "Other non-current assets" classified as "available-for-sale" correspond to units in *Fonds de Modernisation des Equipementiers Automobiles* (FMEA). FMEA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automotive Industry Pact signed on 9 February 2009. The units are measured at fair value. This corresponds to their net asset value at the balance sheet date (Note 1.16.B (2) (c)). This net asset value reflects the fair value of the investments made by the fund. In the first 12 months from the date of acquisition, the fair value of unlisted investments held by the fund is considered as being equal to their cost, as adjusted where appropriate for the effects of any unfavourable post-acquisition events. Beyond the first twelve months, their fair value will be adjusted where appropriate based on a valuation performed using the P/E method, and whenever any unfavourable events occur subsequent to the date of the fund manager's most recent estimate.

FINANCIAL ASSETS AND LIABILITIES CLASSIFIED AS "LOANS AND RECEIVABLES" AND "OTHER PAYABLES"

- "Loans and receivables - finance companies" are stated at amortised cost measured using the effective interest method. They are generally hedged against interest rate risks. The hedged portion is remeasured at fair value in accordance with hedge accounting principles. The margin on the outstanding principal is thus excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.
- The fair value of "Trade receivables - manufacturing and sales companies", "Other receivables", "Trade payables" and "Other payables" is considered as being equivalent to their carrying amount, after deducting accumulated impairment if any (Note 1.18), due to their very short maturities.
- The fair value of other financial assets and liabilities classified in "Loans and receivables" and "Other receivables" also corresponds to the carrying amount.

FINANCIAL LIABILITIES CLASSIFIED AS "AT AMORTISED COST"

- "Non-current financial liabilities", "Current financial liabilities" and "Financing liabilities" are stated at amortised cost measured using the effective interest method. Financial liabilities hedged by interest rate swaps are accounted for in accordance with hedge accounting principles. The portion affected by changes in interest rates is remeasured at fair value. The fair value of financial liabilities presented above is determined by taking into account market data and the Group's estimated credit risk at the balance sheet date.

B. INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

	31 December 2012		
	Instruments recognised at fair value		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	263	171
Other non-current assets	-	-	-
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	213	-
Cash and cash equivalents	-	5,539	-
Level 2 fair value inputs: based on observable market data			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	111	-
Other non-current assets	2	-	-
Short-term investments - finance companies	-	867	-
Other receivables	380	-	-
Current financial assets	1	475	-
Cash and cash equivalents (1)	-	1,272	-
Level 3 fair value inputs: not based on observable market data			
Investments in non-consolidated companies	-	-	62
Other non-current financial assets	-	-	-
Other non-current assets	-	-	79
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**383**	**8,740**	**312**

(1) Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

	31 December 2011		
	Instruments recognised at fair value		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	-	238	122
Other non-current assets	-	-	-
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	4,352	-
Level 2 fair value inputs: based on observable market data			
Investments in non-consolidated companies	-	-	-
Other non-current financial assets	235	309	-
Other non-current assets	-	1	-
Short-term investments - finance companies	-	877	-
Other receivables	431	-	-
Current financial assets	27	-	-
Cash and cash equivalents(1)	-	1,768	-
Level 3 fair value inputs: not based on observable market data			
Investments in non-consolidated companies	-	-	86
Other non-current financial assets	-	-	-
Other non-current assets	-	-	109
Short-term investments - finance companies	-	-	-
Other receivables	-	-	-
Current financial assets	-	-	-
Cash and cash equivalents	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**693**	**7,545**	**317**

(1) Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.

(in million euros)	31 December 2012 Instruments recognised at fair value Derivative instruments	Instruments at fair value through profit or loss	Other payables
Level 1 fair value inputs: quoted prices in active markets			
Non-current financial liabilities	-	-	-
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
Level 2 fair value inputs: based on observable market data			
Non-current financial liabilities	(21)	-	-
Other non-current liabilities	(12)	-	-
Other payables	(172)	-	-
Current financial liabilities	(6)	-	-
Level 3 fair value inputs: not based on observable market data			
Non-current financial liabilities [1]	-	-	85
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(211)**	**-**	**85**

(1) The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".

(in million euros)	31 December 2011 Instruments recognised at fair value Derivative instruments	Instruments at fair value through profit or loss	Other payables
Level 1 fair value inputs: quoted prices in active markets			
Non-current financial liabilities	-	-	-
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
Level 2 fair value inputs: based on observable market data			
Non-current financial liabilities	(6)	-	-
Other non-current liabilities	(15)	-	-
Other payables	(308)	-	-
Current financial liabilities	(6)	-	-
Level 3 fair value inputs: not based on observable market data			
Non-current financial liabilities [1]	-	-	(22)
Other non-current liabilities	-	-	-
Other payables	-	-	-
Current financial liabilities	-	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(335)**	**-**	**(22)**

(1) The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".

ANALYSIS OF FINANCIAL ASSETS MEASURED USING LEVEL 3 FAIR VALUE INPUTS

(in million euros)	2012	2011
Fair value of financial assets at 1 January (level 3 inputs)	195	161
Gain or loss recorded under "Income and expenses recognised directly in equity"	2	1
Gain or loss recorded in profit or loss for the period	(42)	-
Purchases / financial assets consolidated for the first time	(3)	31
Sales / financial assets excluded from the scope of consolidation	(11)	-
Reclassification to another level in the fair value hierarchy	-	-
Translation adjustment	-	2
FAIR VALUE OF FINANCIAL ASSETS AT 31 DECEMBER (LEVEL 3 INPUTS)	**141**	**195**

C. EFFECT OF FINANCIAL INSTRUMENTS ON PROFIT OR LOSS

	2012	Analysis by class of instrument				
(in million euros)	Income Statement Impact	Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	9	-	-	9	-	-
Total interest expense	(419)	-	-	-	(419)	-
Remeasurement [(1)]	(22)	65	-	(6)	6	(87)
Disposal gains and dividends	(205)	-	5	(210)	-	-
Net impairment	(36)	-	(4)	(32)	-	-
Total - manufacturing and sales companies	(673)	65	1	(239)	(413)	(87)
Finance companies						
Total interest income	1,608	-	-	1,608	-	-
Total interest expense	(702)	-	-	-	(702)	-
Remeasurement [(1)]	61	19	-	12	(42)	72
Net impairment	(290)	-	-	(290)	-	-
Total - finance companies	677	19	-	1,330	(744)	72
NET GAIN (LOSS)	**4**	**84**	**1**	**1,091**	**(1,157)**	**(15)**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

(in million euros)	2011 Income Statement Impact	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	7	-	-	7	-	-
Total interest expense	(297)	-	-	(2)	(295)	-
Remeasurement (1)	32	108	-	5	(17)	(64)
Disposal gains and dividends	(213)	-	8	(221)	-	-
Net impairment	26	-	-	26	-	-
Total - manufacturing and sales companies	(445)	108	8	(185)	(312)	(64)
Finance companies						
Total interest income	1,619	-	-	1,619	-	-
Total interest expense	(722)	-	-	-	(722)	-
Remeasurement (1)	6	25	-	(7)	(139)	127
Net impairment	(115)	-	-	(115)	-	-
Total - finance companies	788	25	-	1,497	(861)	127
NET GAIN (LOSS)	**343**	**133**	**8**	**1,312**	**(1,173)**	**63**

(1) For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

In the case of the finance companies, the total net gain or loss on financial assets and liabilities, as defined in IAS 39, is recognised in recurring operating income.

NOTE 37 MANAGEMENT OF FINANCIAL RISKS

37.1. FINANCIAL RISK MANAGEMENT POLICY

In the course of its business, PSA Peugeot Citroën is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks arising, in particular, from changes in commodity prices and equity prices.

A. LIQUIDITY RISK

Management of liquidity risk: manufacturing and sales companies

In the prevailing economic environment, the Group continued with its diversified, proactive financing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of its business and of its development projects. The financing strategy is defined by the Managing Board, and implemented under the direction of the Chief Financial Officer with the Corporate Finance & Treasury Department and submitted to the Supervisory Board's Finance and Audit Committee. The Group's cash forecasts, financing needs and interest income and expenses, as well as the level of liquidity reserves are reviewed at monthly meetings of the Treasury and Foreign Exchange Committee chaired by the Chief Financial Officer. The financing plan is implemented by the Corporate Finance & Treasury Department.

Pursuant to this policy, the Group:

- issues bonds under an EMTN programme;
- has recourse to bank borrowings in France and abroad;
- sells receivables;
- arranges confirmed lines of credit for liquidity reserves;
- and, where necessary, carries out capital increases and issues convertible bonds.

This financing policy allows it to seize market opportunities to pre-finance itself and to thereby optimise its liquidity reserves.

At 31 December 2012, the net debt of the manufacturing and sales companies was €3,148 million compared to €3,359 million at 31 December 2011. The breakdown of the net debt can be found in Note 34.1, and changes thereto in Note 34.2. The repayment schedule of financial liabilities is set out in the table below.

In June 2010, Peugeot S.A. put in place a €5 billion EMTN programme, €3,100 million of which had been drawn down at end-December 2012. At 31 December 2012, the Group had liquidity reserves of €10,574 million (see Note 34.4) compared to €9,302 million at end-December 2011.

Contractual repayment schedule of financial liabilities and derivative instruments : manufacturing and sales companies

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determined on the basis of market data at the year-end.

			Undiscounted contractual cash flows				
(in million euros)	Assets	Liabilities	0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Financial liabilities							
Bonds - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(5,232)	-	-	(850)	(3,575)	(600)
Faurecia		(1,140)	-	-	-	(710)	(500)
Other long-term debt - principal repayments							
Manufacturing and sales companies - excluding Faurecia		(2,199)	(19)	(474)	(171)	(1,200)	(390)
Faurecia		(545)	-	-	(55)	(467)	(23)
Total bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(7,431)	(19)	(474)	(1,021)	(4,775)	(990)
Faurecia		(1,685)	-	-	(55)	(1,177)	(523)
Bond interest							
Manufacturing and sales companies - excluding Faurecia		(121)	(13)	(63)	(213)	(663)	(576)
Faurecia		(5)	(18)	(34)	(34)	(309)	(11)
Interest on other long-term debt							
Manufacturing and sales companies - excluding Faurecia		(12)	(6)	(6)	(19)	(65)	(4)
Faurecia		-	-	-	-	-	-
Total interest on bonds and other borrowings							
Manufacturing and sales companies - excluding Faurecia		(133)	(19)	(69)	(232)	(728)	(580)
Faurecia		(5)	(18)	(34)	(34)	(309)	(11)
Other short-term debt		(1,114)	(1,114)	-	-	-	-
Finance lease liabilities		(333)	-	-	(105)	(110)	(141)
Employee profit-sharing fund		(6)	-	-	(2)	(4)	-
Derivative instruments							
Derivative instruments							
• of which fair value hedges	-	-	-	-	-	-	-
• of which cash flow hedges	-	(13)	(2)	(3)	(4)	(4)	-
• of which trading instruments (1)	-	-	-	-	-	-	-
Currency derivatives							
• of which fair value hedges	1	(6)	(6)	-	-	-	-
• of which cash flow hedges	10	(12)	4	(3)	(9)	(52)	(3)
• of which trading instruments (2)	51	(26)	18	(1)	(3)	-	-
Commodity derivatives							
• of which cash flow hedges	6	(45)	(1)	(8)	(10)	(20)	-
TOTAL	**68**	**(10,809)**	**(1,157)**	**(592)**	**(1,475)**	**(7,179)**	**(2,248)**

(1) *Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.*

(2) *Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.*

CONTRACTUAL REPAYMENT SCHEDULE OF LONG-TERM BORROWINGS (PRINCIPAL)

(in million euros)	2013	2014	2015	2016	2017	2 to 5 years	> 5 years	Total
Long-term borrowings excluding Faurecia	(1,514)	(1,192)	(841)	(1,951)	(791)	(4,775)	(990)	(7,279)
Long-term borrowings Faurecia	(55)	(101)	(513)	(549)	(14)	(1,177)	(523)	(1,755)
TOTAL LONG-TERM BORROWINGS OF MANUFACTURING AND SALES COMPANIES	**(1,569)**	**(1,293)**	**(1,354)**	**(2,500)**	**(805)**	**(5,952)**	**(1,513)**	**(9,034)**

Covenants

None of the borrowings of the manufacturing and sales companies excluding Faurecia are subject to specific acceleration clauses based on minimum credit ratings. In some cases, the borrowings of manufacturing and sales companies are subject to clauses whereby the borrower gives the lenders certain guarantees that are commonly required within the automotive industry. They include:

- negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. These clauses nevertheless carry certain exceptions;
- "material adverse changes" clauses, which apply in the event of a major negative change in economic conditions;
- "pari passu" clauses, which ensure that lenders enjoy at least the same treatment as other creditors;
- "cross-default" clauses, whereby if one loan goes into default other loans become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and, in some cases, require the Group to pledge a minimum amount of financial assets.

The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. shares.

All of these clauses were complied with in 2012.

The drawdown of this syndicated line of credit is subject to the ratio of the net debt of manufacturing and sales companies to equity being under one.

The €1,150 million syndicated line of credit arranged in December 2011 by Faurecia contains covenants setting limits on debt and requiring Faurecia to comply with certain financial ratios. Updates on these ratios are provided every six months. All of the covenants were complied with at 31 December 2012.

The ratios are as follows:

Ratio		
Adjusted net debt*/EBITDA**	maximum	2.50
Interest cover (EBITDA**/net finance costs)	minimum	4.50

* *Consolidated net debt.*

** *EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last 12 months.*

The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Faurecia shares.

Management of liquidity risk: finance companies

The financing strategy of Banque PSA Finance is defined under the direction of the governing bodies of Banque PSA Finance.

Banque PSA Finance's capital structure and equity ratio comply with the latest regulatory requirements, reflecting the quality of the bank's assets.

Its financing is ensured by a broad range of liquidity sources, matching of maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks.

Refinancing is arranged with maturities that comfortably cover the maturities of the retail financing portfolio. In addition to the financing that has been drawn down, undrawn lines of credit amounting to €6,309 million have been arranged with syndicates of leading banks, expiring at five different dates through 2015. The bank also has undrawn bilateral lines of credit amounting to €417 million as well as liquidity reserves totalling €1,066 million at 31 December 2012.

In all, as in prior years, these facilities are sufficient to cover over six months of loan origination at constant sales levels.

Financing strategy put in place in 2012

Banque PSA Finance had increased recourse to securitisation and to ECB financing totalling €3,174 million and €2,900 million respectively in 2012, following the loss of the A2/P2 rating at end-July 2012 and the difficulty accessing short-term financing on the capital markets.

Against this background, the following agreements have been put in place.

€7 billion guarantee from the French State

Under Article 85 of the Amending Finance Act of 29 December 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque

PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. An initial guarantee agreement for an amount of €1,200 million will be signed once temporary authorization is received from the European Commission under state rescue aid rules. The French State notified the European Commission of this guarantee on 7 January 2013. The Act provides for an agreement to be signed by the French State, Peugeot SA and Banque PSA Finance, which will notably describe the commitments made by the Group to the French State in return for this guarantee.

A second guarantee agreement corresponding this time to the residual amount of €5,800 million will be signed once definitive authorization has been received from the European Commission under state restructuring aid rules.

Renewal of bank facilities

On 11 January 2013, Banque PSA Finance signed a new five-year €4,100 million syndicated line of credit, involving 18 banks in eight different countries.

As part of the restructuring and extension of its backup facilities, Banque PSA Finance also agreed that day the extension of a €1,200 million revolving line of credit, that will now expire in January 2016. Furthermore, Banque PSA Finance exercised its option to extend the €2,000 million syndicated line of credit, arranged in December 2011 and expiring in December 2014, with €1,800 million now expiring in December 2015, and the remainder expiring in December 2014.

These agreements contain acceleration clauses on top of the pre-existing covenants: a prohibition on providing PSA Peugeot Citroën with more than €500 million in financing, a Common Equity Tier One ratio of at least 11% and the need to retain the French State guarantee for bond issues over the next three years. Were the French State guarantee not to be approved by the European Union competition authorities by 31 August 2013, the bank facilities would have to be renegotiated and in the event of a failure to reach a new deal, the facilities would be cancelled and any draw-downs repaid starting in December 2013 and until early 2016.

Finally, Banque PSA Finance also obtained commitments to renew the bulk of the bilateral bank facilities.

The renewal of these bank facilities, combined with the securitisation drive undertaken in the second half of 2012 and the planned issue of bonds guaranteed by the French State, satisfy the refinancing needs of Banque PSA Finance for at least the coming twelve months.

Contractual cash flows: finance companies

Liquidity risk is analysed based on the contractual timing of cash inflows and outflows from detailed asset and liability items, determined by reference to the remaining period to maturity used to calculate Banque PSA Finance's consolidated liquidity ratio. As a result, the future contractual interest payments are not included in the schedule. The derivative instruments used to hedge contractual future interest payments are not analysed by period.

Banque PSA Finance *(in million euros)*	31 December 2012	Not analysed	0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Assets							
Cash	1,669	-	1,669	-	-	-	-
Short-term investments - finance companies	867	1	844	7	15	-	-
Derivative instruments (1)	329	329	-	-	-	-	-
Other non-current financial assets	108	108	-	-	-	-	-
Loans and receivables - finance companies	23,146	608	5,973	2,265	3,641	10,284	375
TOTAL CASH FLOWS FROM ASSETS	**26,119**	**1,046**	**8,486**	**2,272**	**3,656**	**10,284**	**375**
Liabilities							
Derivative instruments (1)	(116)	(116)	-	-	-	-	-
Financing liabilities	(22,140)	-	(7,501)	(620)	(2,784)	(11,044)	(191)
TOTAL CASH FLOWS FROM LIABILITIES	**(22,256)**	**(116)**	**(7,501)**	**(620)**	**(2,784)**	**(11,044)**	**(191)**

(1) Intercompany loans and borrowings with manufacturing and sales companies are mainly short-term.

Covenants

The loan agreements signed by Banque PSA Finance, mainly in connection with issues of debt securities, include the customary acceleration clauses requiring the Group to give certain covenants to lenders. They include:

- "negative pledge" clauses whereby the borrower undertakes not to grant any collateral to any third parties.

  These clauses nevertheless comprise exceptions allowing the Group to carry out securitisation programmes or to give assets as collateral;
- "material adverse changes" clauses, which apply in the event of a major negtive change in economic and financial conditions;
- "pari passu" clauses, which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- "cross-default" clauses, whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- clauses whereby no change in control of the Company is authorised.

Many of BPF's agreements include four specific acceleration clauses requiring it to maintain a banking licence and to thereby comply with the capital ratios applicable to all French banks. And, from 2013, the need to retain the optional guarantee from the French State for bond issues and a Common Equity Tier One ratio of at least 11%.

All applicable clauses were complied with in 2012.

B. INTEREST RATE RISKS

Management of interest rate risks: manufacturing and sales companies

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Cash reserves and short-term financing needs of manufacturing and sales companies - excluding Automotive Equipment companies - are mainly centralised at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets. These short-term instruments are indexed to variable rates.

The gross borrowings of manufacturing and sales companies - excluding Automotive Equipment companies - consist mainly of fixed- and adjustable-rate long-term loans. New borrowings obtained since 2009 have been kept at fixed rate in order to retain the benefit of record low fixed interest rates. The GIE's bond maturing in 2033 had initially been converted to variable rate by means of derivatives qualifying for hedge accounting under IFRS. This hedging was terminated in November 2012, generating a €304 million cash payment for the GIE.

The proportion of the manufacturing and sales companies' borrowings - excluding Automotive Equipment companies - at variable rates of interest is now 11%, based on the principal borrowed.

Faurecia independently manages its interest rate risk on a centralised basis. This is organised by Faurecia's Finance and Treasury Department, which reports to its executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. Issues of conventional and convertible bonds in 2012 were at fixed rate, increasing the proportion of fixed-rate debt compared to the previous year. Nevertheless, with a significant portion of the debt (syndicated line of credit, short-term borrowings, commercial paper) being variable rate, the hedging policy aims to limit the effect on Faurecia's profit of an increase in short-term rates. This hedging is mainly implemented through the use of interest rate swaps, primarily in euros. Substantially all variable rate interest payable in 2013 and 2014 is hedged, and to a lesser extent in 2015.

Some of Faurecia's derivative instruments have qualified for hedge accounting under IAS 39 since 2008. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IAS 39 for the application of hedge accounting.

Faurecia is the only entity that holds cash flow hedges of interest rate risks.

The net interest rate position of manufacturing and sales companies is as follows:

		31 December 2012			
(in million euros)		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1,074	100	177	1,351
	Variable rate	5,859	-	-	5,859
Total liabilities	Fixed rate	(1,246)	(4,615)	(1,810)	(7,671)
	Variable rate	(2,618)	(1)	-	(2,619)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**(172)**	**(4,515)**	**(1,633)**	**(6,320)**
	VARIABLE RATE	**3,241**	**(1)**	**-**	**3,240**
Derivative financial instruments	Fixed rate	(223)	(567)	(166)	(956)
	Variable rate	223	567	166	956
NET POSITION AFTER HEDGING	**FIXED RATE**	**(395)**	**(5,082)**	**(1,799)**	**(7,276)**
	VARIABLE RATE	**3,464**	**566**	**166**	**4,196**

(in million euros)		31 December 2011 Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	1,645	30	168	1,843
	Variable rate	4,080	-	-	4,080
Total liabilities	Fixed rate	(317)	(4,837)	(1,238)	(6,392)
	Variable rate	(3,026)	-	-	(3,026)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**1,328**	**(4,807)**	**(1,070)**	**(4,549)**
	VARIABLE RATE	**1,054**	**-**	**-**	**1,054**
Derivative financial instruments	Fixed rate	(145)	-	834	689
	Variable rate	(689)	-	-	(689)
NET POSITION AFTER HEDGING	**FIXED RATE**	**1,183**	**(4,807)**	**(236)**	**(3,860)**
	VARIABLE RATE	**365**	**-**	**-**	**365**

Management of interest rate risks: finance companies

Banque PSA Finance's fixed-rate loans to customers of the Automotive Division are refinanced mainly through adjustable rate borrowings. Banque PSA Finance's policy aims to offset the impact of changes in interest rates using appropriate financial instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are hedged by interest rate swaps that are purchased on the market as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a three-month benchmark using appropriate hedging instruments.

Refinancing costs for new retail loans may be capped through the occasional use of options. Given the historically low interest rates and the lack of consensus as to rate rises over the coming year, no optional hedging was put in place in 2012 for Banque PSA Finance.

The net interest rate position of finance companies is as follows:

(in million euros)		31 December 2012 Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	7,074	10,395	-	17,469
	Variable rate	8,236	-	-	8,236
Total liabilities	Fixed rate	(2,181)	(5,561)	(178)	(7,920)
	Variable rate	(13,395)	(23)	-	(13,418)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**4,893**	**4,834**	**(178)**	**9,549**
	VARIABLE RATE	**(5,159)**	**(23)**	**-**	**(5,182)**
Derivative financial instruments	Fixed rate	(3,732)	(462)	178	(4,016)
	Variable rate	4,375	23	-	4,398
NET POSITION AFTER HEDGING	**FIXED RATE**	**1,161**	**4,372**	**-**	**5,533**
	VARIABLE RATE	**(784)**	**-**	**-**	**(784)**

(in million euros)		31 December 2011 Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
	Fixed rate	7,392	10,569	-	17,961
Total assets	Variable rate	8,434	-	-	8,434
	Fixed rate	(2,095)	(6,203)	(178)	(8,476)
Total liabilities	Variable rate	(13,288)	(13)	-	(13,301)
	FIXED RATE	**5,297**	**4,366**	**(178)**	**9,485**
NET POSITION BEFORE HEDGING	**VARIABLE RATE**	**(4,854)**	**(13)**	**-**	**(4,867)**
	Fixed rate	(4,027)	579	178	(3,270)
Derivative financial instruments (1)	Variable rate	3,994	-	-	3,994
	FIXED RATE	**1,270**	**4,945**	**-**	**6,215**
NET POSITION AFTER HEDGING	**VARIABLE RATE**	**(860)**	**(13)**	**-**	**(873)**

(1) *Including five swaps representing isolated open positions for €655 million and five swaps reclassified as trading securities for €69 million. These swaps do not have a material impact on the income statement.*

Sensitivity tests show that a 100 bp increase or decrease by 1% in average interest rates would have had an impact on income before tax of less than €4 million in 2012 (€5 million in 2011).

C. COUNTERPARTY AND CREDIT RISKS

Counterparty risk: manufacturing and sales companies

The Automotive Division places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee.

At Faurecia, the main counterparties are leading carmakers whose creditworthiness is tracked customer-by-customer.

Other counterparty risks concern investments of available cash and transactions involving currency, interest rate and commodity derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds or deposit accounts. The bulk of money market securities in the portfolio are issued by leading banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or Federation Bancaire Française (FBF) agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

Credit and counterparty risks: finance companies

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfil their contractual obligations. The counterparties concerned are Peugeot and Citroën dealers and the dealers' retail customers. In the event of default, Banque PSA Finance generally has the right to repossess the vehicle and sell it on the used vehicle market. The risk that the vehicle's selling price on the used vehicle market will be less than the outstanding debt is taken into account in determining the amount of the related impairment (see Note 1.16.B)

Wholesale lending decisions for fleet customers and dealers are made based on a detailed risk assessment in accordance with strict rules on lending limits, either by the local Banque PSA Finance Credit Committees, or by the Group Credit Committee. The level of credit lines is dependent on the item to be financed, the client's risk rating and lastly the general level of risk borne by the approving Credit Committee.

Banque PSA Finance's Corporate Lending Department is responsible for controlling the credit risk of these activities throughout the credit cycle. It uses Basel II-compliant credit scoring systems. The systems are tested regularly to ensure that they are reliable. They contribute to determining commitment levels and lending limits, and to defining detailed management and control rules. Their effectiveness is underpinned by high quality credit analyses performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.

Retail loan acceptance processes are based on a local credit scoring system that is managed and overseen by a dedicated expert unit at the Bank's headquarters. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the credit scoring system's effectiveness, working closely with the French and international operating units that perform regular reviews of requests, acceptances and payment incidents. For partnership subsidiaries, customer selection is the responsibility of the partner which uses the decision-making tools that it has developed. Nevertheless, teams at Banque PSA Finances's headquarters monitor the level of risk of requests and acceptance closely on an on-going basis, as well as the characteristics of files with past due instalments.

A dedicated headquarters-based collections unit leads the activities of all the finance companies in this area, manages their shared collection systems and coordinates the results. It also oversees two collection call centres.

The following table presents the ageing analysis of sound finance company loans with past due instalments that have not been written down:

AGEING ANALYSIS OF SOUND LOANS WITH PAST DUE INSTALMENTS THAT HAVE NOT BEEN WRITTEN DOWN

(in million euros)	31 December 2012	31 December 2011
Up to 90 days past due	319	358
90 to 180 days past due	2	7
180 days to 1 year past due	1	1
More than 1 year past due	1	1
TOTAL	**323**	**367**

Loans to corporate dealers and corporate and equivalent financing for which one or more instalments are more than 90 days past due (or 270 days for loans to local administrations) are not classified as non-performing when non-payment is due to an incident or a claim and is not related to the borrower's ability to pay.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations. The Bank's ten largest weighted exposures other than with PSA Peugeot Citroën Group entities amounted to €2,110 million compared to €1,609 million in 2011.

As Banque PSA Finance is structurally in a net borrower position, its exposure to other financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and options) to hedge currency and interest rate risks.

Available cash is invested in money market securities issued by leading banks, in deposit accounts with leading banks or in mutual funds offering a capital guarantee and a guaranteed yield.

Financial analyses are performed to ensure that each counterparty operates on a sustainable basis and has adequate capital resources. The results of the analysis are used to award an internal rating to the counterparty and to set acceptable exposure limits. These limits are defined by type of transaction (investments and derivatives), and cover both amounts and durations. Utilisation of these limits is assessed and checked daily. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls. Derivative contracts are entered into solely with counterparties rated A or higher.

D. CURRENCY RISK

Management of currency risk: manufacturing and sales companies

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automotive Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of executive management. All products used by PSAI are standard products covered by International Swaps and Derivatives Association (ISDA) master agreements.

The goal is to minimise Automotive Division exchange differences by systematically hedging as soon as the foreign currency invoice is booked.

At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are also hedged using forward foreign exchange contracts. In most cases, foreign currency intragroup loans of Automotive Division companies are also hedged.

A new foreign currency policy includes the hedging of future flows for the Automotive Division. It consists of hedging the main net exposures to G10 currencies. These hedges are underpinned by governance rules and a strict decision-making process. They are classified as cash flow hedges under IAS 39. The maximum horizon for these hedges is two years. The hedging ratios depend on the maturity.

At 31 December 2012, the Automotive Division had cash flow hedges on the following currencies: GBP, CHF, SEK and NOK.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

The historical Value at Risk (VaR) method is used to identify and manage market risks. The historical VaR uses volatilities and exchange rates for the various currencies since the beginning of 2008. VaR represents the maximum possible loss on the portfolio, based on the confidence level. The confidence levels measured are 95% and 99%. For both of these confidence levels, applying historical VaR to the portfolio at 31 December 2012 would not have had a material impact on Group earnings. This method assumes that future VaR will follow the same trend as historical VaR. It does not provide an indication of the losses that would be incurred under an extreme stress scenario.

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

Net position of the manufacturing and sales companies in the main currencies (open positions at 31 December)

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

	31 December 2012								
(in million euros)	GBP	JPY	USD	PLN	CHF	ARS	RUB	CZK	Other
Total assets	262	68	644	31	22	132	196	127	218
Total liabilities	(161)	(124)	(2)	(18)	-	(4)	(298)	(145)	(77)
Future transactions [(1)]	73	(8)	37	(55)	134	-	-	(27)	70
Exposure to fixed charge coverage commitments	-	(509)	-	-	-	-	-	-	-
NET POSITION BEFORE HEDGING	**174**	**(573)**	**679**	**(42)**	**156**	**128**	**(102)**	**(45)**	**211**
Derivative financial instruments	(184)	224	(635)	21	(156)	(126)	99	23	(285)
NET POSITION AFTER HEDGING	**(10)**	**(349)**	**44**	**(21)**	**-**	**2**	**(3)**	**(22)**	**(74)**

(1) This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.

	31 December 2011								
(in million euros)	GBP	JPY	USD	PLN	CHF	ARS	RUB	CZK	Other
Total assets	242	81	417	50	34	173	312	195	209
Total liabilities	(517)	(123)	(3)	(11)	(1)	(5)	(161)	(125)	(191)
Future transactions [(1)]	(5)	-	146	(114)	-	-	-	(118)	(70)
Exposure to fixed charge coverage commitments	-	(722)	-	-	-	-	-	-	-
NET POSITION BEFORE HEDGING	**(280)**	**(764)**	**560**	**(75)**	**33**	**168**	**151**	**(48)**	**(52)**
Derivative financial instruments	285	42	(533)	52	(27)	(167)	(277)	12	(17)
NET POSITION AFTER HEDGING	**5**	**(722)**	**27**	**(23)**	**6**	**1**	**(126)**	**(36)**	**(69)**

(1) This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.

A 5% increase or decrease in the year-end exchange rate of the main currencies in which the manufacturing and sales companies had open balance sheet positions at 31 December 2012 (see table below) would have the following direct impact on income before tax and equity:

(in million euros)	PLN/EUR	CZK/EUR	JPY/EUR	USD/CAD	USD/EUR	USD/DZD	JPY/RUB	Other
Hypothetical fluctuation against the euro	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Impact on income before tax	1	1	-	4	-	8	3	5
Impact on equity	3	1	17	-	-	-	-	-

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

	31 December 2012							
(in million euros)	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	84	37	92	-	-	-	-
Total liabilities	(2)	-	(52)	(87)	(162)	(12)	(2)	(63)
Future transactions [(1)]	-	(19)	-	-	-	-	-	-
NET POSITION BEFORE HEDGING	**(2)**	**65**	**(15)**	**5**	**(162)**	**(12)**	**(2)**	**(63)**
Derivative financial instruments	-	(65)	15	-	-	-	-	-
NET POSITION AFTER HEDGING	**(2)**	**-**	**-**	**5**	**(162)**	**(12)**	**(2)**	**(63)**

(1) This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.

	31 December 2011					
(in million euros)	TRY/USD	USD/CAD	USD/MXN	USD/BRL	USD/ARS	USD/DZD
Total assets	1	60	19	48	73	-
Total liabilities	-	-	-	(13)	(109)	(62)
Future transactions [(1)]	-	(25)	(71)	-	-	-
NET POSITION BEFORE HEDGING	**1**	**35**	**(52)**	**35**	**(36)**	**(62)**
Derivative financial instruments	-	(41)	42	(31)	32	-
NET POSITION AFTER HEDGING	**1**	**(6)**	**(10)**	**4**	**(4)**	**(62)**

(1) This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.

Management of currency risk: finance companies

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity-by-entity, using appropriate financial instruments. The hedging is achieved using cross currency swaps, currency swaps and forward foreign exchange contracts.

The Group does not hedge its net investment in foreign operations.

The net position of the finance companies in the main foreign currencies is as follows:

	31 December 2012								
(in million euros)	GBP	JPY	HUF	PLN	CHF	RUB	CZK	USD	Other
Total assets	2,341	-	4	146	363	153	70	-	99
Total liabilities	(1,087)	(44)	-	-	(188)	-	(54)	(947)	(60)
NET POSITION BEFORE HEDGING	**1,254**	**(44)**	**4**	**146**	**175**	**153**	**16**	**(947)**	**39**
Derivative financial instruments	(1,254)	44	(4)	(146)	(175)	(153)	(16)	947	(38)
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**

	31 December 2011							
(in million euros)	GBP	JPY	PLN	CHF	RUB	CZK	USD	Other
Total assets	1,877	-	99	375	130	88	-	233
Total liabilities	(504)	(100)	-	-	-	(77)	(966)	(134)
NET POSITION BEFORE HEDGING	**1,373**	**(100)**	**99**	**375**	**130**	**11**	**(966)**	**99**
Derivative financial instruments	(1,371)	100	(99)	(375)	(130)	(11)	966	(96)
NET POSITION AFTER HEDGING	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**3**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

E. COMMODITY RISK

The Automotive Division's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI) which is responsible for hedging the Group's currency and commodity risks, while Faurecia's risks are managed independently. The Automotive Division's commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging gains and losses, reviews each commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. Cash flow hedges are used only when they qualify for hedge accounting under IAS 39.

The production costs of the Automotive Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organised markets, such as aluminium, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

Since 2009, part of the Automotive Division's exposure to fluctuations in commodity prices was hedged using derivative instruments traded on regulated markets. The aim of these hedges was to minimise the impact of changes in commodity prices on physical deliveries for the Group's production needs. In 2012, hedging volumes were higher than in previous years with hedging extending to the first half of 2015.

In 2012, commodity hedges concerned purchases of aluminium, copper, lead, platinum, palladium and rhodium.

For the Automotive Division, in the event of a 28% rise (fall) in base metal prices (aluminium, copper and lead) and a 19% rise (fall) in precious metal prices (platinum, palladium and rhodium), the impact of the commodity hedges held at 31 December 2012 would have been a €133 million increase (decrease) in consolidated equity at 31 December 2012 (versus €139 million at 31 December 2011). As all commodity hedges qualified as cash flow hedges under IAS 39, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2011 profit.

The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

Faurecia's sales contracts with customers do not include any indexation clause based on commodity prices. The risk of an unfavourable change in commodity prices is attenuated through a policy of regular price negotiations with customers and tight inventory management. Faurecia does not use derivative instruments to hedge its commodity and energy purchases.

F. EQUITY RISK

Equity risk corresponds to the price risk arising from a fall in the value of equities held by the Group.

Price change assumptions are based on average historical and implicit volatilities observed for the CAC 40 index over the reporting year.

(in million euros)	31 December 2012 Available-for-sale financial assets	 Financial assets classified as "at fair value through profit or loss"
Balance sheet position (Other non-current financial assets)	171	92
Sensitivity of earnings	-	(18)
Sensitivity of equity	(34)	N/A
Unfavourable change assumption	20%	20%

(in million euros)	31 December 2011 Available-for-sale financial assets	 Financial assets classified as "at fair value through profit or loss"
Balance sheet position (Other non-current financial assets)	122	84
Sensitivity of earnings	-	(25)
Sensitivity of equity	(37)	N/A
Unfavourable change assumption	30%	30%

37.2. HEDGING INSTRUMENTS: MANUFACTURING AND SALES COMPANIES

The various types of hedging instrument used and their accounting treatment are described in Note 1.16.D (b).

A. DETAILS OF VALUES OF HEDGING INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED: MANUFACTURING AND SALES COMPANIES

	31 December 2012					
	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	-	6	6	-	-
• Currency options	-	(3)	61	61	-	-
• Currency swaps	1	(3)	756	756	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	10	(1)	283	283	-	-
• Cross-currency swaps	-	(11)	298	-	188	110
• Currency options	-	-	258	254	4	-
Trading instruments (1)	51	(26)	7,019	6,988	31	-
Of which Intragroup	-	-				
Total currency risks	62	(44)	8,681	8,348	223	110
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
• Interest rate options	-	(13)	700	223	420	57
• Cross-currency swaps	-	-	-	-	-	-
Trading instruments (2)	-	-	-	-	-	-
Of which Intragroup	-	-				
Total interest rate risks	-	(13)	700	223	420	57
Commodity risk						
Cash flow hedges:						
• Swaps	6	(45)	516	297	219	-
Total commodity risks	6	(45)	516	297	219	-
TOTAL	**68**	**(102)**	**9,897**	**8,868**	**862**	**167**
Of which:						
TOTAL FAIR VALUE HEDGES	**1**	**(6)**	**823**	**823**	**-**	**-**
TOTAL CASH FLOW HEDGES	**16**	**(70)**	**2,055**	**1,057**	**831**	**167**

(1) *Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.*

(2) *Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.*

	31 December 2011					
	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Forward foreign exchange contracts	-	(1)	37	37	-	-
• Currency options	-	-	-	-	-	-
• Currency swaps	2	(5)	678	678	-	-
Cash flow hedges:						
• Forward foreign exchange contracts	2	(13)	334	334	-	-
Trading instruments [(1)]	92	(105)	6,217	6,162	55	-
Of which Intragroup	*42*	-				
Total currency risks	96	(124)	7,266	7,211	55	-
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	244	-	600	-	-	600
Cash flow hedges:						
• Interest rate options	-	(6)	435	250	185	-
Trading instruments [(2)]	-	(1)	252	213	39	-
Of which Intragroup	-	-				
Total interest rate risks	244	(7)	1,287	463	224	600
Commodity risk						
Cash flow hedges:						
• Swaps	2	(60)	451	306	145	-
• Options	-	-	-	-	-	-
Total commodity risks	2	(60)	451	306	145	-
TOTAL	**342**	**(191)**	**9,004**	**7,980**	**424**	**600**
Of which:						
TOTAL FAIR VALUE HEDGES	**246**	**(6)**	**1,315**	**715**	**-**	**600**
TOTAL CASH FLOW HEDGES	**4**	**(79)**	**1,220**	**890**	**330**	**-**

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

B. IMPACT OF HEDGING INSTRUMENTS ON INCOME AND EQUITY: MANUFACTURING AND SALES COMPANIES

Impact of cash flow hedges

(in million euros)	2012	2011
Change in effective portion recognised in equity	(33)	(106)
Change in ineffective portion recognised in profit or loss	3	-
Effective portion reclassified to the income statement under “Cost of goods and services sold”	(41)	23
Effective portion reclassified to the income statement under “Finance costs”	(8)	-

Impact of fair value hedges

(in million euros)	2012	2011
Gains and losses on hedged borrowings recognised in profit or loss	(63)	(58)
Change in ineffective portion recognised in profit or loss	2	-
Gains and losses on hedges of borrowings recognised in profit or loss	63	58
NET IMPACT ON INCOME	**2**	**-**

The "Net gain (loss) on hedges of borrowings" presented in Note 10 also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

37.3. HEDGING INSTRUMENTS: FINANCE COMPANIES

The different types of hedges and their accounting treatment are described in Note 1.16.D (b).

A. DETAILS OF VALUES OF HEDGING INSTRUMENTS AND NOTIONAL AMOUNTS HEDGED: FINANCE COMPANIES

Offsetting notional amounts have been netted to make the financial statements easier to read. However, separate disclosures are made at the foot of the page.

	31 December 2012					
	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	83	-	2,777	2,777	-	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	8	-	255	100	155	-
• Swaps on EMTN/BMTN issues	214	(2)	7,633	2,048	5,407	178
• Swaps on bonds (1)	18	(18)	-	-	-	-
• Swaps on certificates of deposit	-	-	17	17	-	-
• Swaps on other debt securities	1	-	16	16	-	-
• Swaps on retail financing	2	(79)	11,894	5,871	6,023	-
• Accrued income/expenses on swaps	1	(15)	-	-	-	-
Cash flow hedges:						
• Swaps	-	-	42	19	23	-
Trading instruments	2	(2)	382	382	-	-
TOTAL	**329**	**(116)**	**23,016**	**11,230**	**11,608**	**178**
Of which Intragroup	*14*	*(6)*				
Total fair value hedges	327	(114)	22,592	10,829	11,585	178
Total cash flow hedges	-	-	42	19	23	-

(1) This item includes €3,714 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

(in million euros)	31 December 2011					
	Carrying amount		Notional amount	Maturity		
	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	99	(36)	3,272	3,272	-	-
Interest rate risk						
Fair value hedges:						
• Swaps on borrowings	15	-	592	337	255	-
• Swaps on EMTN/BMTN issues	175	(7)	7,666	1,540	5,948	178
• Swaps on bonds (1)	44	(44)	-	-	-	-
• Swaps on certificates of deposit	-	-	147	147	-	-
• Swaps on other debt securities	1	-	71	71	-	-
• Swaps on retail financing	7	(72)	11,759	6,122	5,637	-
• Accrued income/expenses on swaps	48	(22)	-	-	-	-
Cash flow hedges:						
• Swaptions	-	-	13	-	13	-
Trading instruments	5	(5)	724	724	-	-
TOTAL	**394**	**(186)**	**24,244**	**12,213**	**11,853**	**178**
Of which Intragroup	*1*	*(42)*				
Total fair value hedges	389	(181)	23,507	11,489	11,840	178
Total cash flow hedges	-	-	13	-	13	-

(1) This item includes €3,162 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

B. IMPACT OF HEDGING INSTRUMENTS ON INCOME AND EQUITY: FINANCE COMPANIES

Impact of cash flow hedges

(in million euros)	2012	2011
Change in effective portion recognised in equity	-	12
Change in ineffective portion recognised in profit or loss	-	(7)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	7	9

Impact of fair value hedges

(in million euros)	2012	2011
Gains and losses on hedged customer loans recognised in profit or loss	12	(7)
Gains and losses on hedges of customer loans recognised in profit or loss	(12)	8
NET IMPACT ON INCOME	**-**	**1**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	(42)	(139)
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit	49	139
NET IMPACT ON INCOME	**7**	**-**

NOTE 38 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2012:

(in million euros)	31 December 2012	31 December 2011
Manufacturing and sales companies		
• **Financing commitments (Note 38.1)**		
Guarantees given	201	168
Pledged or mortgaged assets	724	716
• **Operating commitments (Note 38.2)**		
Capital commitments for the acquisition of non-current assets	879	1,361
Orders for research and development work	34	71
Financing commitments (1)	30	162
Minimum purchase commitments	170	880
Non-cancellable lease commitments	1,018	1,107
Retirement obligations not recognised in the balance sheet	535	169
	3,591	**4,634**
Finance companies		
Financing commitments to customers	1,426	1,465
Guarantees given on behalf of customers and financial institutions (2)	5,508	1,239
	6,934	**2,704**

(1) This item corresponds to €30 million in loan commitments given to Gefco in connection with the disposal and not drawn down at 31 December 2012. This commitment expires on 18 February 2013.

(2) This item primarily includes receivables given as collateral as follows:.

- *€5,146 million to the European Central Bank for €700 million in medium-term and €2,200 million in short-term refinancing;.*
- *€180 million to Société de Financement de l'Economie Française (SFEF) for €105 million in refinancing;.*
- *€132 million to Mediobanca for €100 million in refinancing.*

38.1. FINANCING-RELATED COMMITMENTS

PLEDGED OR MORTGAGED ASSETS

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB).

The following table analyses pledged and mortgaged assets by commitment period:

PLEDGES OR MORTGAGES EXPIRING IN THE YEARS INDICATED

(in million euros)	31 December 2012	31 December 2011
2012	-	2
2013	101	97
2014	82	82
2015	2	2
2016	1	1
2017	1	-
2018	-	-
Subsequent years	537	532
TOTAL PLEDGED OR MORTGAGED ASSETS	**724**	**716**
Total assets	64,849	68,991
Percentage of total assets	1.1%	1.0%

38.2. OPERATIONS-RELATED COMMITMENTS

MINIMUM PURCHASE COMMITMENTS

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development and/or manufacture of mechanical sub-assemblies or vehicles. These joint arrangements enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

Under the terms of these agreements, the Group is committed to financing investment in research and development and specific tooling and to taking delivery of a minimum quantity of products manufactured by the joint arrangements. If it fails to honour this minimum purchase commitment, it will be required to pay a penalty designed to cover the related production costs borne by the partner.

Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

For contracts where the products are manufactured by the Group's partner, capacity reservation fees are accounted for as off- balance sheet commitments net of any provisions.

CAPITAL COMMITMENTS FOR THE ACQUISITION OF NON-CURRENT ASSETS

This item corresponds mainly to commitments to purchase property, plant and equipment. It also includes the Group's commitment towards the two Fonds de Modernisation des Equipementiers Automobiles (FMEA - tier 1 and tier 2), two funds set up to support automotive equipment manufacturers. The Group's total commitment to FMEA amounted to €204 million. At 31 December 2012, the Group had already paid €124 million into this fund.

NON-CANCELLABLE LEASE COMMITMENTS

PLEDGES OR MORTGAGES EXPIRING IN THE YEARS INDICATED

(in million euros)	31 December 2012	31 December 2011
2012	-	241
2013	187	176
2014	157	142
2015	132	113
2016	113	88
2017	88	-
2018	70	-
Subsequent years	271	347
TOTAL NON-CANCELLABLE LEASE COMMITMENTS	**1,018**	**1,107**

Non-cancellable leases are entered into in the normal course of business and consist mainly of leases on commercial property and vehicles. The lease terms reflect local practices in each country.

RETIREMENT OBLIGATIONS NOT RECOGNISED IN THE BALANCE SHEET

Retirement obligations not recognised in the balance sheet corresponds to actuarial gains and losses (Note 29.1.E) resulting from the application of the corridor method (Note 1.21) and past service cost.

38.3. CONTINGENT LIABILITIES

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

38.4. COMMITMENTS CONNECTED WITH THE GEFCO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco Group from PSA Peugeot Citroën. At 31 December 2012, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA Peugeot Citroën and Gefco Groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. At 31 December 2012, the Group had not identified any material risks associated with these representations and warranties.

NOTE 39 RELATED PARTY TRANSACTIONS

39.1. COMPANIES AT EQUITY

These are companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence or joint control. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles, or provide transportation and logistics services.

Transactions with companies at equity are billed on arm's length terms.

Receivables and payables with companies at equity are as follows:

(in million euros)	31 December 2012	31 December 2011
Long-term loans	57	9
Short-term loans	333	12
Trade receivables	282	309
Trade payables	(1,041)	(1,126)
Short-term loans	-	-

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in million euros)	2012	2011
Sales	1,137	1,065
Purchases	(3,473)	(4,144)

39.2. RELATED PARTIES THAT EXERCISE SIGNIFICANT INFLUENCE OVER THE GROUP

No material transactions have been carried out with any Directors or officers or any shareholder owning more than 10% of Peugeot S.A.'s capital.

NOTE 40 MANAGEMENT COMPENSATION

(in million euros)	2012	2011
Compensation paid to:		
• Members of management bodies	6.6	6.6
• Members of the Supervisory Board	1.5	1.4
Total management compensation	8.1	8.0
Stock option and performance share costs (Note 1.21)	-	0.6
TOTAL	**8.1**	**8.6**

The Group is managed by the Managing Board.

The Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes. The Managing Board members will not receive their 2012 bonuses.

The following table presents details of Peugeot S.A. performance shares awarded to members of the management bodies in 2010 and outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2012:

(number of options)	2012	2011
Stock options granted during the year	395,460	372,000
Performance shares awarded in 2010 (1) that were held at the balance sheet date (see Note 27.4)	-	65,000

(1) In line with the commitments given by the Group in application of the regulations governing agreements with companies that have received exceptional State aid, no performance shares were granted to members of the Managing Board in 2010.

Members of the Group's management bodies participate in the supplementary pension plan described in Notes 29.1.A.

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 41 SUBSEQUENT EVENTS

On 11 January 2013, Banque PSA Finance signed a new five-year €4,100 million syndicated line of credit.

NOTIFICATION OF THE AUTHORISATION OF THE EUROPEAN COMMISSION FOR THE FRENCH STATE GUARANTEE IN RESPECT OF THE REFINANCING OF BANQUE PSA FINANCE AND AGREEMENT WITH THE STATE

On 11 February 2013 the European Commission temporarily authorised the guarantee described in Note 37.1 for an initial amount of €1,200 million. A guarantee agreement shall be signed between the French State, Peugeot S.A. and Banque PSA Finance. This will set out the commitments made by the PSA Peugeot Citroën Group to the French State, which will notably involve the following items:

- Peugeot S.A. will undertake to establish a five-person Monitoring Committee comprising two members of the Supervisory Board of PSA Peugeot Citroën, the member of the Peugeot S.A. Managing Board responsible for finance and two representatives of the French State, whose role, amongst others, will be to ensure good coordination between the State, Peugeot S.A. and Banque PSA Finance in implementing the guarantee;
- Peugeot S.A. will undertake not to distribute any dividends, reserves, premiums or any other asset, or buy back shares or carry out any form of capital reduction without the prior approval of the French State;
- Peugeot S.A. will undertake not to award, and to ensure that its subsidiaries do not award, ordinary bonuses, exceptional bonuses, retirement bonuses (notwithstanding payments made under statutory provisions or court orders), stock options and performance shares or any other share equivalent, to members of the PSA Peugeot Citroën Managing Board without the prior agreement of the French State.

Under this same agreement, Banque PSA Finances will undertake to pay the French State a commission on a monthly basis, equal to 260 basis points calculated annually on the principal outstanding and interest incurred by the debt benefitting from the guarantee.

The matter has been referred to the European Commission for definitive authorisation under state restructuring aid rules.

NOTE 42 FEES PAID TO THE AUDITORS

	Mazars		Ernst & Young		PricewaterhouseCoopers	
(in million euros)	2012	2011	2012	2011	2012	2011
Audit						
Statutory and contractual audit services						
• Peugeot S.A.	0.3	0.2	0.4	0.3	-	-
• Fully-consolidated subsidiaries	2.6	2.6	9.0	8.4	3.2	2.8
o/w France	*1.4*	*1.4*	*2.7*	*2.7*	*1.0*	*0.8*
o/w International	*1.2*	*1.2*	*6.3*	*5.7*	*2.2*	*2.0*
Audit-related services						
• Peugeot S.A.	-	-	-	-	-	-
• Fully-consolidated subsidiaries	0.1	-	0.1	0.1	-	0.1
o/w France	*0.1*	-	*0.1*	0.1	-	*0.1*
o/w International	-	-	-	-	-	-
Sub-total	3.0	2.8	9.5	8.8	3.2	2.9
o/w Faurecia	-	-	4.8	4.3	3.2	2.9
Excluding Faurecia	3.0	2.8	4.7	4.5	-	-
	100%	*100%*	*98%*	*100%*	*97%*	*91%*
Other services provided to subsidiaries						
Legal and tax services	-	-	0.2	-	0.1	0.1
Other	-	-	-	-	-	0.2
Sub-total	-	-	0.2	-	0.1	0.3
o/w Faurecia	-	-	-	-	-	-
Excluding Faurecia	-	-	0.2	-	0.1	0.3
			2%		*3%*	*9%*
TOTAL	**3.0**	**2.8**	**9.7**	**8.8**	**3.3**	**3.2**
o/w Faurecia	-	-	4.8	4.3	3.2	2.9
Excluding Faurecia	3.0	2.8	4.9	4.5	0.1	0.3

Fees for 2012 and 2011 are presented excluding Gefco, the amounts for 2011 having been restated by €1.0 million including €0.4 million in respect of Mazars, €0.5 million in respect of Ernst & Young and €0.1 million in respect of PricewatershouseCoopers

Faurecia's Statutory Auditors are Ernst & Young and PricewaterhouseCoopers.

NOTE 43 CONSOLIDATED COMPANIES AT 31 DECEMBER 2012

Company	Country	F/E	% interest
HOLDING COMPANY AND OTHER			
Peugeot S.A.	France	F	100
Grande Armée Participations	France	F	100
PSA International S.A.	Switzerland	F	100
G.I.E. PSA Trésorerie	France	F	100
Financière Pergolèse	France	F	100
D.J. 06	France	F	100
Société Anonyme de Réassurance Luxembourgeoise - SARAL	Luxembourg	F	100
Peugeot Motocycles	France	F	100
Peugeot Motocycles Italia S.p.A.	Italy	F	100
Peugeot Motocycles Deutschland GmbH	Germany	F	100
Jinan Quigqi Peugeot Motorcycles	China	E	50
Émotion	France	F	100
GEFCO	France	E	25
AUTOMOTIVE DIVISION			
Process Conception Ingénierie S.A.	France	F	100
PCI do BRASIL Ltda	Brazil	F	100
Société de Construction d'Équipements de Mécanisations et de Machines - SCEMM	France	F	100
Peugeot Citroën Automobiles S.A.	France	F	100
Peugeot Citroën Sochaux S.N.C.	France	F	100
Peugeot Citroën Mulhouse S.N.C.	France	F	100
Peugeot Citroën Aulnay S.N.C.	France	F	100
Peugeot Citroën Rennes S.N.C.	France	F	100
Peugeot Citroën Poissy S.N.C.	France	F	100
Peugeot Citroën Mécanique du Nord-Ouest S.N.C.	France	F	100
Peugeot Citroën Mécanique du Grand Est S.N.C.	France	F	100
Société Mécanique Automobile de l'Est	France	F	100
Mécanique et Environnement	France	F	100
Société Européenne de Véhicules Légers du Nord - Sevelnord	France	F	100
Societa Europea Veicoli Leggeri - Sevel S.P.A.	Italy	E	50
SNC PC.PR	France	F	100
G.I.E. PSA Peugeot Citroën	France	F	100
Gisevel	France	F	100
Sevelind	France	F	100
Française de Mécanique	France	E	50
Société de Transmissions Automatiques	France	E	20
Peugeot Citroën Automoviles Espana S.A.	Spain	F	100
PSA Services Deutschland GmbH	Germany	F	100
PSA Services SRL	Italy	F	100
PCMA Holding	Netherlands	F	70
PCMA Automotiv RUS	Russia	F	70
Peugeot Citroën Automobiles UK	United Kingdom	F	100
Peugeot Citroën Automoveis	Portugal	F	99

Company	Country	F/E	% interest
Toyota Peugeot Citroën Automobiles Czech S.R.O.	Czech Republic	E	50
PCA Logistika CZ	Czech Republic	F	100
PCA Slovakia s.r.o.	Slovakia	F	100
Psa Service Centre Europe	Slovakia	F	100
Peugeot Citroën do Brasil Automoveis Ltda	Brazil	F	100
Peugeot Citroën Comercial Exportadora	Brazil	F	100
Peugeot Citroën Ukraine	Ukraine	F	100
Peugeot Citroën Argentina S.A.	Argentina	F	100
CISA	Argentina	F	100
Dongfeng Peugeot Citroën Automobiles CY Ltd	China	E	50
Wuhan Shelong Hongtai Automotive Ko Ltd	China	E	10
PCA (China) Automotive Drive Co	China	F	100
Peugeot Citroën Gestion International	Switzerland	F	100
Automobiles Peugeot	France	F	100
Peugeot Motor Company PLC	United Kingdom	F	100
Société Commerciale Automobile	France	F	100
Société Industrielle Automobile de Champagne - Ardennes	France	F	100
Peugeot Moteur et Systèmes	France	F	100
Société Industrielle Automobile de Provence	France	F	100
Grands Garages du Limousin	France	F	100
Peugeot S.A.int-Denis Automobiles	France	F	100
Peugeot Neuilly Victor Hugo	France	F	100
Peugeot Media Production	France	F	100
Peugeot Belgique Luxembourg S.A.	Belgium	F	100
S.A. Peugeot Distribution Service N.V.	Belgium	F	100
Peugeot Nederland N.V.	Netherlands	F	100
Peugeot Deutschland GmbH	Germany	F	100
BMW Peugeot Citroën Électrification SAS	Germany	F	100
Peugeot Nordhessen GmbH	Germany	F	100
Peugeot Automobili Italia S.p.A.	Italy	F	100
Peugeot Milan	Italy	F	100
Peugeot Gianicolo S.p.A.	Italy	F	100
Robins & Day Ltd	United Kingdom	F	100
Boomcite Ltd	United Kingdom	F	100
Aston Line Motors Ltd	United Kingdom	F	100
Melvin Motors (Bishopbriggs) Ltd	United Kingdom	F	100
Warwick Wright Motors Chiswick Ltd	United Kingdom	F	100
Rootes Ltd	United Kingdom	F	100
Economydrive Cars	United Kingdom	F	100
Peugeot Espana S.A.	Spain	F	100
Hispanomocion S.A.	Spain	F	100
Peugeot Portugal Automoveis S.A.	Portugal	F	100
Peugeot Portugal Automoveis Distribucao	Portugal	F	100
Peugeot (Suisse) S.A.	Switzerland	F	100
Lowen Garage AG	Switzerland	F	97
Peugeot Austria GmbH	Austria	F	100

Company	Country	F/E	% interest
Peugeot Wien GmbH	Austria	F	100
Peugeot Citroën RUS	Russia	F	100
Peugeot Polska S.p.z.o.o.	Poland	F	100
Peugeot Ceska Republica s.r.o.	Czech Republic	F	100
Peugeot Slovakia s.r.o.	Slovakia	F	100
Peugeot Bratislava	Slovakia	F	100
Peugeot Hungaria Kft	Hungary	F	100
Peugeot Slovenija d.o.o. P.Z.D.A.	Slovenia	F	100
Peugeot Hrvatska d.o.o.	Croatia	F	100
Peugeot Otomotiv Pazarlama AS - POPAS	Turkey	F	100
Tekoto Motorlu Tastlar Istambul	Turkey	F	100
Tekoto Motorlu Tastlar Ankara	Turkey	F	100
Tekoto Motorlu Tastlar Bursa	Turkey	F	100
Peugeot Algérie S.p.A.	Algeria	F	100
Stafim	Tunisia	E	34
Stafim - Gros	Tunisia	E	34
Peugeot Chile	Chile	F	97
Automotores Franco Chilena S.A.	Chile	F	100
Peugeot Mexico S.A.de CV	Mexico	F	100
Servicios Auto. Franco Mexicana	Mexico	F	100
Peugeot Citroën Japan KK Co Ltd	Japan	F	100
Peugeot Tokyo	Japan	F	100
Peugeot Motors South Africa Ltd	South Africa	F	100
Automobiles Citroën	France	F	100
Sabrie	France	F	100
Pse Automobile	France	F	100
Retail France	France	F	100
Épinettes	France	F	100
SCI La Souche	France	F	100
SCI Troene	France	F	100
Capsa	China	E	50
Technoboost	France	F	60
Société Commerciale Citroën	France	F	100
Citroën Champ de Mars	France	F	100
Citroën Dunkerque	France	F	100
Société Nouvelle Armand Escalier	France	F	100
Centrauto	France	F	100
Prince S.A.	France	F	100
Citroën Argenteuil	France	F	100
Citroën Orléans	France	F	100
Sté CLE Distribution Pièces de Rechange - SCPR	France	F	100
Citroën Belux S.A. - NV	Belgium	F	100
Citroën Nederland B.V.	Netherlands	F	100
Citroën Deutschland AG	Germany	F	100
Citroën Motors Irlande LTD	Ireland	F	100
Citroën Commerce GmbH	Germany	F	100

Company	Country	F/E	% interest
Citroën Italia S.p.A.	Italy	F	100
Citroën U.K. Ltd	United Kingdom	F	100
Citroën Sverige AB	Sweden	F	100
Citroën Danmark A/S	Denmark	F	100
Citroën Norge A/S	Norway	F	100
Citroën (Suisse) S.A.	Switzerland	F	100
Citroën Osterreich GmbH	Austria	F	100
Automoveis Citroën S.A.	Portugal	F	100
Automoviles Citroën Espana	Spain	F	100
Comercial Citroën S.A.	Spain	F	97
Garaje Eloy Granollers S.A.	Spain	F	99
Motor Talavera	Spain	F	99
Rafael Ferriol S.A.	Spain	F	99
Citroën Hungaria Kft	Hungary	F	100
Citroën Polska S.p.z.o.o.	Poland	F	100
Citroën Slovenija d.o.o.	Slovenia	F	100
Citroën - Hrvatska d.o.o.	Croatia	F	100
Citroën Slovakia s.r.o.	Slovakia	F	100
Citroën Ceska Republica s.r.o.	Czech Republic	F	100
Citroën Romania Srl	Romania	F	100
Citroën do Brasil	Brazil	F	100
AUTOMOTIVE EQUIPMENT DIVISION			
Faurecia	France	F	57
Financière Faurecia	France	F	57
SFEA - Société Foncière pour l'Équipement Automobile	France	F	57
Faurecia Investments	France	F	57
Faurecia Services Groupe	France	F	57
Faurecia Exhaust International	France	F	57
Faurecia Netherlands Holding B.V.	Netherlands	F	57
United Parts Exhaust Systems AB	Sweden	F	57
Société Internationale de Participations	Belgium	F	57
Faurecia Usa Holdings, Inc.	USA	F	57
Faurecia (China) Holding Co. Ltd	China	F	57
Faurecia Informatique Tunisie	Tunisia	F	57
Faurecia Sièges d'automobile	France	F	57
Faurecia Industries	France	F	57
Faurecia Automotive Holdings	France	F	57
EAK - Composants Pour l'Automobile (EAK SAS)	France	F	29
EAK - Composants Pour l'Automobile (EAK SNC)	France	F	29
Trecia	France	F	57
Siebret	France	F	57
Siemar	France	F	57
Sienor	France	F	57
Sieto	France	F	57
Sotexo	France	F	57
Siedoubs	France	F	57

Company	Country	F/E	% interest
Sielest	France	F	57
ECSA - Etudes et Construction de Sièges pour l'Automobile	France	F	57
Faurecia Intérieur Industrie	France	F	57
Faurecia Automotive Industrie	France	F	57
Automotive Sandouville	France	F	57
Faurecia ADP Holding	France	F	34
Faurecia Autositze GmbH	Germany	F	57
Faurecia Automotive GmbH	Germany	F	57
Faurecia Innenraum Systeme GmbH	Germany	F	57
Faurecia Industrie N.V.	Belgium	F	57
Faurecia Asientos Para Automovil España, S.A.	Spain	F	57
Asientos de Castilla Leon, S.A.	Spain	F	57
Asientos del Norte, S.A.	Spain	F	57
Industrias Cousin Freres, S.L.	Spain	F	29
Tecnoconfort	Spain	E	29
Faurecia Automotive España, S.L.	Spain	F	57
Faurecia Interior Systems España, S.A.	Spain	F	57
Faurecia Interior Systems Salc España, S.L.	Spain	F	57
Asientos de Galicia, S.L.	Spain	F	57
Valencia Modulos de Puerta, S.L.	Spain	F	57
Incalplas, S.L.	Spain	F	57
Faurecia Ast Luxembourg S.A	Luxembourg	F	57
Faurecia Automotive Seating B.V.	Netherlands	F	57
Faurecia - Assentos de Automovel, Limitada	Portugal	F	57
Sasal	Portugal	F	57
Faurecia Sistemas de Interior de Portugal. Componentes para Automoveis S.A. (Ex Sai Portugal)	Portugal	F	57
EDA - Estofagem de Assentos, Lda	Portugal	F	57
Faurecia Automotive Seating UK Limited	United Kingdom	F	57
Faurecia Midlands Limited	United Kingdom	F	57
Sai Automotive Fradley Ltd	United Kingdom	F	57
Sai Automotive Washington Limited	United Kingdom	F	57
Faurecia Interior Systems Sweden AB	Sweden	F	57
Faurecia Automotive Polska Spolka Akcyjna	Poland	F	57
Faurecia Walbrzych Spolka Akcyjna	Poland	F	57
Faurecia Legnica Spolka Akcyjna	Poland	F	57
Faurecia Grojec R&D Center Spolka Akcyjna	Poland	F	57
Faurecia Gorzow Spolka Akcyjna	Poland	F	57
Faurecia Interior Systems Bohemia s.r.o.	Czech Republic	F	57
Faurecia Components Pisek s.r.o.	Czech Republic	F	57
Faurecia Seating Talmaciu S.R.L.	Romania	F	57
Euro Auto Plastic Systems S.R.L.	Romania	F	29
Faurecia Slovakia s.r.o.	Slovakia	F	57
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	F	57
Faurecia Azin Pars Company	Iran	F	29
Faurecia Interior Systems South Africa (Pty) Ltd	South Africa	F	57
Faurecia Interior Systems Pretoria (Pty) Ltd	South Africa	F	57

Company	Country	F/E	% interest
Société Tunisienne d'Équipements d'Automobile	Tunisia	F	57
Faurecia Automotive Seating Canada Ltd	Canada	F	57
Faurecia JV in Detroit	USA	E	26
FNK North America	USA	F	57
Faurecia Interior Systems Saline LLC	USA	F	57
Faurecia Interiors Systems Holding	USA	F	57
Faurecia Automotive Seating, LLC	USA	F	57
Faurecia Interior Systems, Inc.	USA	F	57
Faurecia Automotive Del Uruguay	Uruguay	F	57
Faurecia Argentina S.A.	Argentina	F	57
Faurecia Automotive Do Brasil Ltda	Brazil	F	57
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V. (ex Faurecia Duroplast Mexico, S.A. de C.V.)	Mexico	F	57
Servicios Corporativos de Personal Especializado, S.A. DE C.V.	Mexico	F	57
Changchun Faurecia Xuyang Automotive Seat Co., Ltd (CFXAS)	China	F	34
Faurecia (Changchun) Automotive Systems Co., Ltd	China	F	57
Faurecia- Gsk (Wuhan) Automotive Seating Co., Ltd	China	F	29
Faurecia (Wuxi) Seating Components Co., Ltd	China	F	57
Faurecia (Shanghai) Management Company, Ltd	China	F	57
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	F	57
Faurecia (Wuhan) Automotive Seating Co., Ltd	China	F	57
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	F	57
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	F	57
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	F	57
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	F	57
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	F	29
Ningbo	China	F	52
Cummings Beijing	China	F	57
Nanchang	China	F	29
Changchun Faurecia Xuang Interior Systems Company Limited	China	F	34
Faurecia Trim Korea Ltd	South Korea	F	57
Faurecia Automotive Seating India Private Limited	India	F	57
Faurecia Japan K.K.	Japan	F	57
Faurecia Équipements Automobiles Maroc	Morocco	F	57
Ooo Faurecia Adp	Russia	F	34
Ooo Faurecia Automotive Development	Russia	F	57
Faurecia Shin Sung Co. Ltd	South Korea	F	57
Changchun Xuyang Faurecia Acoustics & Soft Trim Co.Ltd	France	E	23
Faurecia Automotives Composites	France	F	57
Hambach Automotive Exteriors Sas	France	F	57
Faurecia Intérieur Mornac	France	F	57
Faurecia Intérieur Saint Quentin	France	F	57
Faurecia Systèmes d'Échappement	France	F	57
Faurecia Bloc Avant	France	F	57
Amminex Emissions Systems APS	France	E	24
Faurecia-Metalloprodukcia Holding	France	F	34
Faurecia Abgastechnik GmbH	Germany	F	57

Company	Country	F/E	% interest
Faurecia Kunststoffe Automobilsysteme GmbH	Germany	F	57
Faurecia Angell-Demmel GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Germany GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Novaferra GmbH	Germany	F	57
Faurecia Emissions Control Technologies, Finnentrop GmbH	Germany	F	57
Faurecia Exteriors GmbH	Germany	F	57
Faurecia Sistemas de Escape España, S.A.	Spain	F	57
Faurecia Emissions Control Technologies, Pampelona, S.L.	Spain	F	57
Faurecia Automotive Exteriors Espana, S.A. (Ex Plastal Spain S.A.)	Spain	F	57
Faurecia - Sistemas de Escape Portugal, LDA	Portugal	F	57
Faurecia Exhaust Systems AB	Sweden	F	57
Faurecia Magyarorszag Kipufogo-rendszer Kft	Hungary	F	57
Faurecia Exhaust Systems S.R.O.	Czech Republic	F	57
Faurecia Automotive Czech Republic, s.r.o.	Czech Republic	F	57
Faurecia Emissions Control Technologies, Mlada Boleslav, s.r.o	Czech Republic	F	57
Faurecia Emissions Control Technologies, UK Limited	United Kingdom	F	57
Faurecia Exhaust Systems South Africa Ltd	South Africa	F	57
Emission Control Technologies Holdings S.A. (Pty) Ltd	South Africa	F	57
Emission Control Technologies S.A. (Ga-Rankuwa) (Pty) Ltd	South Africa	F	57
Emission Control Technologies S.A. (Capetown) (Pty) Ltd	South Africa	F	57
Faurecia Exhaust Systems, Inc.	USA	F	57
Faurecia Emissions Control Technologies, USA, LLC	USA	F	57
Faurecia Sistemas de Escape Argentina S.A.	Argentina	F	57
Faurecia Sistemas de Escapamento Do Brasil Ltda	Brazil	F	57
Faurecia Exhaust Mexicana, S.A. de C.V.	Mexico	F	57
Exhaust Services Mexicana, S.A. de C.V.	Mexico	F	57
ET Mexico Holdings I, S. de R.L.de C.V.	Mexico	F	57
ET Mexico Holdings II, S. de R.L.de C.V.	Mexico	F	57
Faurecia Honghu Exhaust Systems Shanghai, Co. Ltd (ex SHEESC)	China	F	29
Faurecia Tongda Exhaust System (Wuhan) Co., Ltd	China	F	29
Faurecia Exhaust Systems Changchun Co., Ltd	China	F	29
Faurecia Emissions Control Technologies Development (Shanghai) Company Ltd	China	F	57
Faurecia (Qingdao) Exhaust Systems Co, Ltd	China	F	57
Faurecia (Wuhu) Exhaust Systems Co, Ltd	China	F	57
Faurecia Emissions Control Technologies Canada Ltd	Canada	F	57
Faurecia Emissions Control Technologies India	India	F	57
Faurecia Technology Center India Pvt Ltd	India	F	57
Faurecia Interiors Louisville, LLC	USA	F	57
Chongqing Guangneng Faurecia Interior Syst	China	F	29
Faurecia Madison Automotive Seating Inc	USA	F	57
Xiangtan Faurecia. Limin Interior & Exterior Systems	China	E	29
Zeijiang Faurecia. Limin Interior & Exterior Systems	China	E	29
Chengdu Faurecia. Limin Interior & Exterior Systems	China	F	29
Faurecia Automotive Systems Korea Ltd	South Korea	F	57
Lanzhou Faurecia Limin Interior & Exterior Systems Co.	China	E	29
Changchun Huaxiang F.A. PLASTIC	China	E	29

Company	Country	F/E	% interest
Jinan Faurecia Limin Interior & Exterior Systems Co.	China	E	29
Faurecia Emissions Control Technologies, (Shanghai) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, (Chongqing) Co., Ltd	China	F	41
Faurecia Emissions Control Technologies, (Yantai) Co., Ltd	China	F	57
Faurecia Emissions Control Technologies, Chengdu	China	F	57
Faurecia Emissions Control Systems Korea (ex DAEKI)	South Korea	F	57
Faurecia JIT and Sequencing Korea	South Korea	F	57
Faurecia Interior Systems Thailand Co., Ltd.	Thailand	F	57
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	F	57
ET (Barbados) Holdings SRL	Barbados	F	57
EMCON Technologies Canada ULC	Canada	F	57
EMCON Technologies Kft	Hungary	F	57
Faurecia Emissions Control Technologies, India Private Limited	India	F	42
Faurecia Emissions Control Technologies, Italy SRL	Italy	F	57
ET Dutch Holdings Cooperatie U.A.	Netherlands	F	57
ET Dutch Holding BV	Netherlands	F	57
ET Dutch Holding II BV	Netherlands	F	57
Faurecia Emissions Control Technologies, Netherlands B.V.	Netherlands	F	57
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	F	34
Componentes de Vehiculos de Galicia, S.A.	Spain	E	29
Copo Iberica, S.A.	Spain	E	29
Vanpro Assentos Limitada	Portugal	E	29
Teknik Malzeme Ticaret Ve Sanayi A.S.	Turkey	E	29
Orcia Otomotiv Yan Sanayi Ve Ticaret Anonim Sirketi	Turkey	E	29
Kwang Jin Faurecia Co. Limited	South Korea	E	29
Faurecia Howa Interior's	Japan	F	29
Faurecia-NHK Co., Ltd	Japan	E	29
Sas Automotive France	France	E	29
Cockpit Automotive Systems Douai SNC	France	E	29
SAS Autosystemtechnik Verwaltungs GmbH	Germany	E	29
SAS Autosystemtechnik GmbH und Co. KG	Germany	E	29
SAS Automotive N.V.	Belgium	E	29
SAS Autosystemstechnick, S.A.	Spain	E	29
SAS Autosystemtechnik de Portugal, Unipessoal, Lda.	Portugal	E	29
SAS Automotive Limited	United Kingdom	E	29
SAS Autosystemtechnik s.r.o.	Czech Republic	E	29
SAS Automotive s.r.o	Slovakia	E	29
SAS Automotive RSA (Pty) Ltd	South Africa	E	29
SAS Automotive Do Brasil Ltda	Brazil	E	29
SAS Automotive Systems S.A. de C.V.	Mexico	E	29
SAS Automotive Systems & Services, S.A. DE C.V.	Mexico	E	29
SAS Automotive USA, inc.	USA	E	29
SAS Automotriz Argentina S.A. (dormant company)	Argentina	E	29
AD Tech Co Ltd	South Korea	E	29
Faurecia (Yancheng) Automotive Systems Co Ltd	China	F	57
Faurecia Exteriors Argentina	Argentina	F	57

Company	Country	F/E	% interest
SAS Autosystemtechnik Zwickau GmbH & Co. KG, Zwickau	Germany	E	29
SAS (Wuhu) Automotive Systems Co. Ltd, Wuhu City, China	China	E	29
SAS Otosistem Teknik Ticaret ve Limited Şirketi	Turkey	E	29
FINANCE AND INSURANCE COMPANIES			
Banque PSA Finance	France	F	100
PSA Assurances SAS	France	F	100
Société Financière de Banque - SOFIB	France	F	100
SOFIRA - Société de Financement Des Réseaux Automobiles	France	F	100
Société Nouvelle de Développement Automobile - SNDA	France	F	100
BPF - FCT Auto ABS - Compartiment 2012-7	France	F	100
BPF - FCT Auto ABS - Compartiment 2012-5	Spain	F	100
Compagnie Générale de Crédit aux Particuliers - CREDIPAR	France	F	100
Compagnie pour la Location de Véhicules - CLV	France	F	100
PSA Finance BELUX	Belgium	F	100
PSA Finance SCS	Luxembourg	F	100
PSA Finance Nederland B.V.	Netherlands	F	100
PSA Financial Holding B.V.	Netherlands	F	100
Peugeot Finance International N.V.	Netherlands	F	100
FCC Auto ABS - Compartiment 2012-02	France	F	100
FCC Auto ABS - Compartiment 2012-01	France	F	100
FCC Auto ABS - Compartiment 2007.01	France	F	100
FCC Auto ABS - Compartiment 2011.01	France	F	100
FCT Auto ABS - Compartiment 2010-1	France	F	100
BPF - Auto ABS UK Loans PLC - Compartiment 2012-5	United Kingdom	F	100
FCT Auto ABS German loans - Compartiment 2011-2	Germany	F	100
PSA Factor Italia S.p.A.	Italy	F	100
PSA Renting Italia S.p.A.	Italy	F	100
BPF - Auto ABS SRL - Compartiment 2007-2	Italy	F	100
PSA Wholesale Ltd	United Kingdom	F	100
Vernon Wholesale Investments Co Ltd	United Kingdom	F	100
PSA Finance Suisse S.A.	Switzerland	F	100
PSA Gestao Comercio e Aluger de Veiculos	Portugal	F	100
PSA Finance Polska	Poland	F	100
PSA Finance Hungaria Rt	Hungary	F	100
PSA Finance Ceska Republika s.r.o.	Czech Republic	F	100
PSA Finance Slovakia s.r.o.	Slovakia	F	100
BPF Financiranje D.o.o.	Slovenia	F	50
PSA Services Ltd	Malta	F	100
PSA Life Insurance Ltd	Malta	F	100
PSA Insurance Ltd	Malta	F	100
BPF Algérie	Algeria	F	100
BPF Pazarlama A.H.A.S.	Turkey	F	100
BANCO PSA Finance Brasil S.A.	Brazil	F	100
PSA Finance Arrendamiento Comercial	Brazil	F	100
PSA Finance Argentina S.A.	Argentina	F	50
BPF Mexico S.A. de CV	Mexico	F	100

Company	Country	F/E	% interest
PSA Financial Doo	Croatia	F	100
BANK PSA Finance RUS	Russia	F	100
Fonds d'Investissement en Droits de Créances	Brazil	F	100
Dongfeng Peugeot Citroën Automobile Finance Company	China	E	50
O/w 12.5% through Dongfeng Peugeot Citroën Automobile			

20.4. PEUGEOT S.A. FINANCIAL STATEMENTS AT 31 DECEMBER 2012

In compliance with Article 28 of EC regulation No. 809/2004, the following information is incorporated by reference in the Registration Document:

2011 FINANCIAL INFORMATION

Required disclosures in the report of the Managing Board appearing on page 402, the annual financial statements are presented on pages 336 to 365 and the corresponding Auditors' Report is presented on pages 334 and 335 of the 2011 Registration Document filed with the *Autorité des marchés financiers* (No. D. 12-0128) on 5 March 2012.

2010 FINANCIAL INFORMATION

Required disclosures in the report of the Managing Board appearing on page 370, the financial statements are presented on pages 315 to 341 and the corresponding Auditors' Report is presented on pages 311 and 312 of the 2010 Registration Document filed with the *Autorité des marchés financiers* (No. D. 11-0353) on 22 April 2011.

20.4.1. STATUTORY AUDITORS REPORT ON THE FINANCIAL STATEMENTS OF PEUGEOT S.A.

This is a free translation into English of the Statutory Auditors' Report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Management Report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Financial year ended 31 December 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the managing board. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matter sets out in notes to the financial statements regarding:

- Note 5.B.1 to the impairment test on assets of the automotive segment which leads to the recognition of an impairment of the shares for an amount of M€3,028;
- Note 16 to the reversal of the provision for transferable tax savings for an amount of M€1,256.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- At each balance sheet date, your company determines the value in use of its "Shares in subsidiaries and affiliates" and "Other investments" according to the methods described in notes 1C and 1D to the financial statements, and sets aside a provision for impairment when the carrying amount exceeds the value in use, as specified in Notes 5 and 7 to the financial statement. As part of our assessment of the accounting principles applied and of significant estimates made to prepare the financial statements, we verified the appropriateness of the accounting methods described in the note to the financial statement and correct application thereof, as well as of the reasonableness of the underlying estimates.

- As indicated in Note 16 "Provisions for transferable tax savings", the balance sheet recorded a provision that originated in the tax savings from the use by your company of tax losses of subsidiaries consolidated for tax purposes. As specified in the Note, since no additional income tax payment to the State is expected in the near future, this provision was fully reversed for €1,256m. Based on the available evidence to date, we examined the group's tax forecasts, the timelines for the subsidiaries' use of these tax losses and the overall consistency of the assumptions used for this reversal.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the managing board and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Courbevoie and Paris-La Défense, March 18, 2013

The Statutory Auditors

French original signed by

Mazars		**Ernst & Young et Autres**	
Loïc Wallaert	Jean-Louis Simon	Christian Mouillon	Marc Stoessel

20.4.2. PEUGEOT S.A. FINANCIAL REVIEW

As the parent company of the PSA Peugeot Citroën Group, Peugeot S.A. does not carry out any manufacturing or sales activities. It performs senior management, oversight and supervisory functions for Group companies and provides services for which it receives a flat fee.

Peugeot S.A.'s assets mainly correspond to:

- equity investments in direct subsidiaries;
- the proceeds from borrowings that are lent to GIE PSA Trésorerie to meet the Automotive Division subsidiaries' financing needs;
- per own shares, that are recorded in non-current assets ("Other investments") or in current assets ("Marketable securities") depending on the purpose for which they are being held.

Peugeot S.A. is also head of a tax group set up with its more than 95%-owned subsidiaries in France.

INCOME STATEMENT REVIEW

OPERATING RESULTS

Operating income – which primarily comprises management fees received from the main subsidiaries as well as rental income – amounted to €109 million in 2012, versus €93 million in 2011.

The management fees are calculated as a percentage of the operating divisions' revenue and cover the operating expenses incurred by the Company for its corporate functions and amounted to €97 million versus €81 million in 2011. These fees are invoiced to direct Peugeot S.A. subsidiaries based on the consolidated revenue of the division concerned.

Operating expenses amounted to €124 million, versus €92 million in 2012, and mainly corresponded to payroll costs and other purchases and external charges.

The Company ended the year with negative net operating income of €15 million, compared with a positive net operating income of €1 million in 2011.

NET FINANCIAL INCOME (EXPENSE)

Financial income consists largely of income from shares in subsidiaries and affiliates.

Income from investments in subsidiaries and affiliates amounted to €1,442 million, versus €692 million in 2011. The figure includes mainly the dividends of Peugeot S.A. subsidiaries.

Other Financial Income was €12 million versus €38 million in 2011, due to lower interest rates on short-term investments. Financial provision reversals and expense transfers totalled €157million against €33 million in 2011.

Financial expense for depreciation, amortisation and provisions amounted to €3,271 million versus €312 million in 2011. These consisted largely of impairment loss on shares, which is detailed in Note 5.B. to the yearly financial statements.

Interest expense amounted to €272 million compared with €252 million in 2011.

After taking these items into account, net financial income for the year came in at -€1,993 million versus €198 million in 2011.

NET NON-RECURRING INCOME (EXPENSE)

In 2012, the Company reported net non-recurring income of €725 million (see Note 23), essentially from the €776 million net capital gain recognised at the time of the sale of 75% of GEFCO S.A. shares, and from the capital losses on the sale of treasury sales for -€27 million, and of preferential subscription rights for -€35 million (see Note 14).

NET INCOME

Taking into account the net income tax benefit of €1,284 million, determined in accordance with the rules governing the tax consolidation of Peugeot S.A. and its 95% or more controlled subsidiaries, Peugeot S.A. reported €61 million in net profit for 2012, compared with €444 million for 2011.

BALANCE SHEET REVIEW

ASSETS

Shares in and advances to subsidiaries and affiliates make up the majority of the Company's non-current assets.

After deducting provisions, the gross value of shares in subsidiaries and affiliates was €12,786 million at 31 December 2012 versus €8,911 million at 31 December 2010. Impairments of investments in subsidiaries and affiliates totalled €3,780 million at 31 December 2012 compared with €686 million at end-December 2011. These movements are described in Note 5.B to the Company financial statements.

After deducting provisions, the net value of shares in subsidiaries and affiliates was €9,007 million at 31 December 2012 (8,225 million at 31 December 2011).

Advances to subsidiaries and affiliates amounted to €4,856 million net of provisions at 31 December 2012 (€3,902 million at 31 December 2011). (cf. Note 6).

Current assets primarily correspond to (i) cash equivalents for €386 million at 31 December 2012 against €1,287 million at 31 December 2011 (see Note 12 to the Company financial statements) and (ii) marketable securities (including treasury shares) which totalled €162 million net of provisions at 31 December 2012 (see Note 10). The 12,788,628 treasury shares in the portfolio at 31 December 2012 include 4,371,970 shares reserved for stock option plans, 8,064,858 shares to cover the convertible bond issue of 23 June 2009 (OCEANE), 300,000 against a future liquidity agreement and a residual 51,800 unallocated shares.

LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity was €9,719 million at 31 December 2012, versus €8,692 million at end-2011. In view of Group earnings in 2012 and in order to give priority to allocating financial resources to the Group's development, the Supervisory Board approved the Managing Board's proposal to not pay a dividend for 2012.

During the year, Peugeot S.A. bought back none of its own shares. No stock options were granted in 2012 and no options were exercised (see Note 11.C.). Similarly, no performance shares were granted during the year (see Note 11.B.). Provisions for contingencies and charges totalled €146 million at 31 December 2012 compared with €1,320 million at end-December 2011. More detailed information can be found in note 13 to the financial statements. As explained in Note 16, the change in provisions corresponds mainly to the reversal of the entire provision for tax savings.

Long- and short-term debt came to €4,566 million at 31 December 2012 versus €3,905 million at the previous year-end. In order to meet its general financing needs in the prevailing economic environment, including the financing of current operations and projects for future growth, the Group has maintained its policy of proactive, diversified refinancing and conservative cash management. On 11 April 2012, Peugeot S.A. issued €600 million worth of 5.625% bonds due July 2017. (cf. Note 17).

Of the €83 million due to suppliers of fixed assets, €78 million corresponds to the uncalled portion of the commitment to the FMEA fund set up to support automotive equipment suppliers (see Note 18).

In as much as Peugeot S.A. is a holding company, the trade payables are not significant. Trade payables amounted to €36 million.

Peugeot S.A. settles payments to suppliers 30 days end of month from invoice date, in compliance with the provisions of France's LME Act.

SCHEDULE OF PAYMENTS TO SUPPLIERS

At 31 December 2012, payments due to suppliers represented €36 million and broke down as follows in the financial statements:

- trade payables recorded under liabilities: €36 million;
- less: Deferred expenses included in this item: €35 million;

i.e.: €1 million.

This amount is payable according to the following schedule:

	Currently due		Due in 0 to 30 days		Due in 30 to 60 days		Due in over 60 days*		Total	
(in thousands of euros)	31/12/2012	31/12/2011	2012	2011	2012	2011	2012	2011	2012	2011
Supplier invoices										
From third parties	107	12	1		3	110	3	121	114	242
The Group	769	129				746			769	875
TOTAL PEUGEOT S.A.	**876**	**141**	**1**		**3**	**856**	**3**	**121**	**883**	**1,117**

* *Under a special payment agreement.*

For information on events subsequent to the balance sheet, please refer to Note 31 to the Company financial statements.

20.4.3. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

(in million euros)	2012	2011
Operating income	109.3	92.9
Operating expenses	(124.3)	(92.1)
Net operating income (expense) (Note 21)	(15.0)	0.8
Investment income	1,442.0	691.8
Other financial income	11.8	37.5
Financial provision reversals and expense transfers	156.5	32.6
Financial income	**1,610.3**	**761.9**
Charges to financial provisions	(3,271.2)	(311.8)
Other financial expenses	(271.8)	(252.2)
Financial expenses	**(3,543.0)**	**(564.0)**
Net financial income (expense)	(1,932.7)	197.9
Recurring income before tax	(1,947.7)	198.7
On management transactions	11.8	0.2
On capital transactions	853.8	245.0
Non-recurring provision reversals and expense transfers	2.0	5.0
Non-recurring income	**867.6**	**250.2**
On management transactions	-	(40.2)
On capital transactions	(141.5)	(8.5)
Non-recurring charges to provisions and expense transfers	(1.3)	(0.6)
Non-recurring expenses	**(142.8)**	**(49.3)**
Net non-recurring income (expense) (Note 23)	724.8	200.9
Employee profit-sharing	-	(0.5)
Income tax benefit (Note 24)	1,284.1	45.0
NET PROFIT FOR THE YEAR	**61.2**	**444.1**

20.4.4. CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(in million euros)	2012	2011
Net profit for the year	**61.2**	**444.1**
Net change in provisions (Note 13)	1,927.8	497.5
Net gains (losses) on disposals of fixed assets	(713.5)	(239.1)
Funds from operations	**1,275.5**	**702.5**
Change in working capital requirement	149.4	130.1
Net cash from operating activities	1,424.9	832.6
(Acquisitions) disposals of intangible assets and property and equipment	-	270.9
Proceeds from disposals of investments in non- consolidated companies	800.0	-
Purchases of shares in subsidiaries and affiliates (Note 5)	(3,899.8)	(2,323.0)
Net cash used in investing activities	(3,099.8)	(2,052.1)
Dividends paid	-	(249.6)
Capital increase	977.6	-
(Purchases) sales of Peugeot S.A. shares (Note 7)	86.4	(202.8)
Increase (decrease) in other long-term debt (Note 17)	600.0	(1,000.0)
(Increase) decrease in long-term loans and receivables (Note 6)	(950.2)	1,142.0
Change in other financial assets and liabilities	31.2	(60.2)
Net cash from/(used in) financing activities	745.0	(370.6)
Net decrease in cash and cash equivalents	(929.9)	(1,590.1)
Cash and cash equivalents at beginning of period	1,287.2	2,877.3
Cash and cash equivalents at end of period	**357.3**	**1,287.2**
Breakdown of cash and cash equivalents at end of period		
Cash equivalents (Note 12)	385.6	1,286.4
Cash	-	-
Bank overdrafts	(28.3)	0.8
TOTAL	**357.3**	**1,287.2**

20.4.5. BALANCE SHEETS AT 31 DECEMBER 2012

ASSETS

	31/12/2012			31/12/2011
(in million euros)	Total	Depreciation, amortization and impairment	Net	Net
Intangible assets	**0.1**		**0.1**	**0.1**
Property, plant and equipment (Note 4)	**3.2**	**(3.2)**	**-**	
Investments				
Shares in subsidiaries and affiliates (Note 5)	12,786.4	(3,779.7)	9,006.7	8,225.4
Advances to subsidiaries and affiliates (Note 6)	4,856.1	-	4,856.1	3,901.9
Other investments (Note 7)	375.2	(180.7)	194.5	332.3
Long-term loans and receivables (Note 8)	32.8	(1.1)	31.7	1.5
	18,050.5	**(3,961.5)**	**14,089.0**	**12,461.1**
Total non-current assets (Note 3)	18,053.8	(3,964.7)	14,089.1	12,461.2
Current assets				
Trade receivables	-	-	-	10.9
Other receivables and prepayments to suppliers (Note 9)	158.1	-	158.1	252.4
Marketable securities (Note 10)	305.4	(143.5)	161.9	227.9
Cash equivalents (Note 12)	385.6	-	385.6	1,287.0
Cash	-	-	-	0.2
Total current assets	849.1	(143.5)	705.6	1,778.4
Prepaid expenses	0.7	-	0.7	1.4
Bond redemption premiums (Note 17)	20.2	(9.6)	10.6	11.6
TOTAL ASSETS	**18,923.8**	**(4,117.8)**	**14,806.0**	**14,252.6**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million euros)	31/12/2012	31/12/2011
Shareholders' equity		
Share capital (Note 14)	354.8	234.0
Additional paid-in capital	856.8	-
Revaluation reserve	454.8	466.6
Other reserves		
Reserves and retained earnings	7,990.1	7,545.9
Net profit for the year	61.2	444.1
Untaxed provisions	1.0	1.0
Total equity (Note 15)	9,718.7	8,691.6
Provisions for contingencies and charges (Note 13)	145.8	1,319.7
Long- and short-term debt		
Bonds (Note 17)	4,535.4	3,901.8
Other long and short-term debt (Note 17)	30.7	3.1
	4,566.1	3,904.9
Trade payables		
Trade payables	35.7	6.9
Accrued taxes and payroll costs	15.7	35.5
	51.4	42.4
Due to suppliers of fixed assets (Note 7)	**82.6**	**91.5**
Other liabilities	**230.2**	**189.7**
Total liabilities	4,930.3	4,228.5
Deferred income	**11.2**	**12.8**
TOTAL LIABILITIES & EQUITY	**14,806.0**	**14,252.6**

20.4.6. NOTES TO PEUGEOT S.A. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

CONTENTS

The following disclosures constitute the notes to the balance sheet at 31 December 2012, before appropriation of net profit for the year, which shows total assets of €14,806.0 million, and to the income statement for the year then ended, which shows net profit of €61.2 million.

The financial statements cover the twelve-month period from 1 January to 31 December 2012.

Notes 1 to 31 below are an integral part of the financial statements. All amounts are in millions of euros unless otherwise specified.

The financial statements for 2012 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 06 February 2013 with the Note 31, taking into account events that occurred in the period up to the Supervisory Board meeting on 12 February 2013.

These financial statements are included in the consolidated financial statements of the PSA Peugeot Citroën Group.

NOTE 1 ACCOUNTING RULES AND METHODS

General accounting principles intended to provide a true and fair view of the business have been applied, including the principle of prudence and the following basic assumptions:

- the going concern;
- the continuity of accounting methods from one year to the next;
- segregation of accounting periods;

and in accordance with the general rules for the preparation and presentation of annual financial statements (PCG 99-03 amended by the rulings of the French accounting committee, the Comité de la Réglementation Comptable.)

Items recorded in the accounts are stated in accordance with the historical cost convention.

The main accounting policies applied are as follows:

A. INTANGIBLE ASSETS

This item consists of the Panhard and Panhard & Levassor brands, which are stated at acquisition cost. The brands are not amortised.

B. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost, including incidental expenses but excluding transaction costs. As an exception to this principle, assets acquired before 31 December 1976 that were included in the legal revaluation are stated at valuation.

Depreciation is calculated on a straight-line basis over the assets's estimated useful lives. Depreciation is recorded in the balance sheet as a deduction from the assets's carrying amount and in the income statement under "depreciation expense".

The main useful lives are as follows:

- Buildings 20 to 30 years;
- Fixtures & fittings 10 years;
- Office furniture 10 years.

C. SHARES IN SUBSIDIARIES AND AFFILIATES

Since 2007, the cost of shares in subsidiaries and affiliates includes transaction costs.

In prior years, these investments were stated at purchase cost excluding transaction costs, except for investments acquired before 31 December 1976 that were included in the legal revaluation.

At each period-end, the value in use of shares in subsidiaries and affiliates is estimated, based generally on the Company's equity in the underlying net assets and the investee's earnings outlook.

For investees that are included in the consolidated financial statements of the PSA Peugeot Citroën Group, net assets correspond to consolidated or restated net assets determined in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

In the case of a prolonged decline in the value in use of an investment to below cost, a provision is recorded for the difference.

If an investment has a negative value in use and circumstances warrant it, a provision for contingencies is booked.

If sold, shares are valued using weighted average cost (WAC).

D. OTHER INVESTMENTS

TREASURY SHARES

Peugeot S.A. shares held for the purpose of setting up a future liquidity agreement and shares held for allocation on the conversion of OCEANE bonds are recorded at cost under "Other investments".

A provision for impairment is recorded at the year-end if the carrying amount of the shares exceeds their value in use.

UNITS IN FCPR INVESTMENT FUNDS

Units in FCPR investment funds are recorded in "Other investments" in full for the amount booked under "Due to suppliers of fixed assets". The liability is gradually cancelled as payments are made. If the units' net asset value is below cost, a provision is recorded.

E. LOANS AND RECEIVABLES

Loans and receivables are stated at their nominal amount. A provision is booked to cover any probable losses.

F. MARKETABLE SECURITIES

TREASURY SHARES

Peugeot S.A. shares held for allocation on exercise of stock-options are recorded in "Marketable securities" at acquisition cost.

The shares are allocated to separate sub-categories based on an assessment of the probability of the options being exercised.

When it is probable that the options will be exercised, a provision for charges is recorded in liabilities if the exercise price is less than the shares' carrying amount. The probability of options being exercised is assessed separately for each individual plan, taking into account the plan's terms and conditions. Any provisions are recorded on a straight-line basis over the option's vesting period. The charge is recognised in the income statement under "Payroll costs" by recording an expense transfer.

Peugeot S.A. shares held for allocation under performance share plans are recorded in a sub-account within marketable securities when it is probable that the shares will actually be allocated at the end of the vesting period. The amount recognised corresponds to the carrying amount of the shares at the grant date.

A provision for contingencies and charges is booked on the liabilities side of the balance sheet, corresponding to the probable cost of the plan from its launch date until its closure.

The probability of options being allocated is assessed separately for each individual plan, taking into account the plan's terms and conditions.

Where the grantees are Peugeot S.A. employees, the charge representing the probable cost of the plan is recognised under "Payroll costs" over the vesting period.

Where the grantees are employees of another Group company, the full charge for the provision set up to cover the probable cost of the plan is recorded in the income statement in the year when the plan is set up. The other companies in the Group are invoiced for this probable cost.

When it is not probable that options will be exercised or performance shares allocated at the end of the vesting period, the Peugeot S.A. shares concerned are measured at the lower of cost and market.

These accounting policies comply with PCG 99-03, as amended by standard CRC 2008-15 of 4 December 2008 issued by the "Comité de la Réglementation Comptable".

OTHER MARKETABLE SECURITIES

Other marketable securities consist of money market securities purchased under resale agreements. Interest income on these securities is recognised in "Financial income." No impairment provisions are recorded for these securities due to (i) the fact that there are no tangible indicators for measuring the probability of the transferor defaulting and (ii) the nature of the resale agreements, under which a firm commitment is made to repurchase the securities on an agreed date at a set price.

G. UNTAXED PROVISIONS

Untaxed provisions primarily concern reinvested capital gains on sales of shares in subsidiaries and affiliates qualifying for rollover relief under former Article 40 of France's General Tax Code.

H. BORROWINGS

Borrowings are stated at their nominal amount. Debt issuance costs are not capitalised but are expensed in full in the period when they are incurred.

When the face value of non-convertible bonds is higher than the amount received by PEUGEOT S.A., the discount is amortised over the life of the bond.

OCEANE bonds are convertible bonds that give the holder the right to exchange them for Company shares, which may be new issues or existing shares purchased on the market, at the issuer's discretion. They are initially recognised under "Bonds" for their face value. The liability is decreased by the face value of bonds converted during the year, with the difference between the face value of the converted bonds and the par value of the corresponding shares recognised as a conversion premium.

I. RETIREMENT COMMITMENTS

Company employees are entitled to length-of-service awards payable on retirement and supplementary pension benefits under defined contribution or defined benefit plans.

The Company has not elected to recognise its retirement obligations in the balance sheet. These obligations are measured by independent actuaries and disclosed in the notes to the financial statements (Note 26).

J. INCOME TAXES

On 1 January 2010, Peugeot S.A. and its over 95%-owned subsidiaries in France renewed their election to file a consolidated tax return, in accordance with Article 223A of France's General Tax Code.

The effects of Group relief recorded in the Company's income statement comprise:

- the total income corresponding to the sum of the tax due by profitable subsidiaries;
- the net tax expense or tax benefit resulting from setting off the taxable profits and losses of the companies in the tax group;
- the income corresponding to any repayments from profitable subsidiaries to which tax savings were transferred in prior periods;
- any adjustments of income tax expense for prior periods;
- charges to the provision for tax savings to be transferred to loss-making subsidiaries (Note 16);
- charges to provisions for contingencies set up to cover the estimated net income tax expense that may be due following periodic tax audits of subsidiaries in the tax group.

K. CHANGES IN MEASUREMENT METHOD

There were no changes in measurement method during the year.

NOTE 2 KEY EVENTS OF THE REPORTING PERIOD

ALLIANCE WITH GENERAL MOTORS

On 29 February 2012 PSA Peugeot Citroën announced the creation of a global strategic alliance with General Motors. It will leverage the combined strengths and capabilities of the two companies, contribute to the profitability of both partners and strongly improve their competitiveness in Europe.

As part of this alliance, Peugeot S.A. undertook a €999.0 million capital increase (Note 14).

Following this transaction, which included no specific provision regarding the governance of Peugeot S.A., General Motors acquired a 7% equity stake, thereby becoming the second largest shareholder behind the Peugeot Family Group.

STATE FINANCING GUARANTEE FOR BANQUE PSA FINANCE

The French Finance Law of 29 December 2012 authorised the State to provide Banque PSA Finance a guarantee of up to €7 billion as part of its refinancing (Note 17).

DISPOSAL OF 75% OF THE EQUITY OF GEFCO S.A.

On 20 December 2012 Peugeot S.A. sold 75% of GEFCO S.A. equity to JSC Russian Railways (RZD) for €800 million, after GEFCO S.A. had paid Peugeot S.A. a special dividend of €100 million. (Note 5.A.)

IMPAIRMENT LOSS ON AUTOMOTIVE DIVISION SHARES

The new economic environment in which the Group operates caused it to recognise a €3,028 million impairment loss on the Automotive Division shares owned by Peugeot S.A. (Note 5.B)

NOTE 3 FIXED ASSETS AT 31 DECEMBER 2012

NON-CURRENT FINANCIAL ASSETS

	Non-current financial assets			
(in million euros)	Invested entities (Note 5)	Loans & advances to loans (Note 6)	Other long-term investments (Note 7)	Long-term loans & receivables (Note 8)
Cost at 1 January 2012	8,910.9	3,932.9	443.4	2.6
• Additions	3,899.8	954.2	58.8	30.2
• Disposals	(24.3)	(31.0)	(127.0)	-
Cost at 31 December 2012	**12,786.4**	**4,856.1**	**375.2**	**32.8**
Historical cost excluding revaluations (1)	*12,316.4*	*4,856.1*	375.2	*32.8*
Impairment at 1 January 2012	(685.5)	(31.0)	(111.1)	(1.0)
• Additions	(3,101.9)	-	(129.1)	(0.1)
• Reversals	7.7	31.0	59.5	-
• Other changes	-	-	-	-
Provisions for impairment at 31 December 2012	**(3,779.7)**	**-**	**(180.7)**	**(1.1)**
NET COST AT 31 DECEMBER 2012	**9,006.7**	**4,856.1**	**194.5**	**31.7**

(1) 1976 legal revaluation.

NOTE 4 TANGIBLE AND INTANGIBLE FIXED ASSETS

As previously reported, Peugeot S.A. in 2011 transferred to its wholly-owned subsidiary DJ58 the land, building, and fixtures and fittings located at 75 avenue de la Grande-Armée in Paris.

After this transaction Peugeot S.A. leased the building back.

In 2012 DJ58 sold the property to a third party.

NOTE 5 SHARES IN SUBSIDIARIES AND AFFILIATES

A. GROSS VALUES

During the year, Peugeot S.A. participated in share issues primarily of the following subsidiaries:

- Peugeot Citroën Automobiles: a €3,832.6 million issue carried out in December 2012, which was wholly purchased by Peugeot S.A;
- Peugeot Motocycles: a €67.0 million issue carried out in June 2012, which was taken up in full by Peugeot S.A. and funded in part by converting to equity an advance granted to Peugeot Motocycles in 2011 of €31 million.

On 20 December 2012 Peugeot S.A. sold 75% of its equity investment in the GEFCO subsidiary for €800.0 million. The shares sold were carried on the balance sheet at €24.3 million; the transaction created a gross capital gain of €775.7 million and a gain of €756.2 million net of costs. The transaction left Peugeot S.A. with a 25% investment worth €8.1 million.

B. CARRYING VALUES

1) AUTOMOTIVE DIVISION

In view of the Group's organisational structure and the relations between Peugeot Citroën Automobiles and the two sales companies, Automobiles Peugeot and Automobiles Citroën, the operations of these three subsidiaries are inter-connected, such that their value can only be assessed on an aggregate basis. The shares taken altogether had a gross value of €9,613.1 million at 31 December 2012.

At 31 December 2012, the Group's Automotive Division was tested for impairment based on the present value of the Division's forecast future cash flows net of debt servicing costs. This test resulted in the recognition of a total impairment of €3,028.0 million, bringing the value of the securities, as a set, to €6,585.1 million.

Sensitivity of the valuation test: An increase of 0.5% in the present-value discount rate (assumed to be 9.5% on medium-term flows and 10.5% on the terminal value) or a decrease of 0.5% in the perpetual growth rate (assumed to be 1%) would cause an additional impairment on the shares of €600.0 million and €420.0 million, respectively. A 0.5% decrease in operating margin for the year set for the terminal value would mean €1,037.0 million more in impairment of the shares. If these three factors were combined, the additional impairment would amount to €1,883.0 million.

2) FAURECIA

At 31 December 2012 the cost value of Peugeot S.A.'s investment in Faurecia was €1,586 million. In December 2012, these shares were tested for impairment based on a forecast of future cash flows. No impairment was recognised at that date as the value of the shares far exceeded their carrying amount. The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2012 was €742.8 million. This represented the share price paid in transactions between minority shareholders not leading to control.

3) GRANDE ARMÉE PARTICIPATIONS

The fair value of the investment in this subsidiary was measured based on its net assets adjusted to include unrealised capital gains on available-for-sale securities that it owns, capped at a conservative 80% of the average market price over the last six months to attenuate the impact of market volatility. Based on this estimate a €7.7 million impairment reversal was recognised in 2012, bringing the total provision down to €266.6 million. With the €6.2 million dividend received from Grande Armée Participations, the net income before tax for the year was €13.9 million.

4) PEUGEOT MOTOCYCLES

The investment in Peugeot Motocycles had been fully written down at 31 December 2012. During the year, an additional €4.1 million was recorded in the provision for contingencies set aside in relation to this investment to cover the amount of the cash advance granted to Peugeot Motocycles by GIE PSA Trésorerie (Note 13), bringing the total amount provisioned to €36.6 million.

5) PROCESS CONCEPTION INGÉNIERIE (PCI)

At 31 December 2012, the fair value of the investment in this subsidiary was estimated based on the net assets of the PCI sub-group. An additional impairment of €7.0 million was recognised for the period, bringing the net value of the securities to €39.1 million. At 31 December the total impairment equalled €131.2 million.

C. PLEDGED SECURITIES

Securities are lodged with the European Investment Bank as collateral for loans granted to Peugeot S.A. subsidiaries.

At 31 December 2012, 3,045,000 FAURECIA shares had been pledged for this purpose.

NOTE 6 LOANS AND ADVANCES TO INVESTED ENTITIES

A. PMTC

The €31.0 million advance made to Peugeot Motocycles in December 2011 was used in June 2012 to partly underwrite a €67.0 million share issue by the subsidiary (Note 5.A.) Following repayment of the advance in new shares, the €31.0 million provision on the advance carried in the balance sheet at 31 December 2011 was reclassified as a deduction from "Shares in subsidiaries and affiliates" (Note 13).

B. GIE PSA TRÉSORERIE

The main transaction in the period was the following:

- a 5.25 year loan totalling €600 million, which corresponds to the bond issued by Peugeot S.A. on 11 April 2012. This loan carries an initial fixed interest rate of 5,625%. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan.

As previously reported:

- additional loans of €350 million and €150 million granted to GIE PSA Trésorerie in January 2011, which correspond to the proceeds from the two bond issues carried out in October 2010. Thus, €350 million were added to the bond issue due October 2013 and €150 million to the issue due October 2016;
- a 4.5-year €500 million loan, corresponding to the bond issue carried out by Peugeot S.A. in September 2011. This loan carries an initial fixed interest rate of 6,875%. If the bonds are bought back or redeemed prior to maturity, GIE PSA Trésorerie will be required to repay the loan.

C. OTHER LOANS

- A loan of less than one year in the amount of €320 million to GEFCO S.A. in December 2012. This loan carries an initial variable interest rate based on the Euribor.

At 31 December 2012, accrued interest recognised on all loans made by Peugeot S.A. amounted to €111.1 million.

NOTE 7 OTHER LONG-TERM INVESTMENTS

As stated in Note 11, Peugeot S.A. treasury shares are allocated by the Managing Board. Depending how they are allocated, these shares are classified either as "Other long-term investments" or as "Marketable securities" (Note 10.A.)

Other investments *(in million euros)*	Treasury shares (Note 7.A.)	Other Shares (Note 7.B.)	31/12/2012
Cost at 1 January 2012	250.1	193.3	443.4
• Additions	58.8	-	58.8
• Disposals	(127.0)	-	(127.0)
Cost at 31 December 2012	181.9	193.3	375.2
Impairment at 1 January 2012	(108.6)	(2.5)	(111.1)
• Additions	(89.6)	(39.5)	(129.1)
• Reversals	59.5	-	59.5
Provisions for impairment at 31 December 2012	(138.7)	(42.0)	(180.7)
NET COST AT 31 DECEMBER 2012	**43.2**	**151.3**	**194.5**

A. PEUGEOT S.A. SHARES

Changes in treasury shares classified as "other long-term investments":

	Hedge of a future liquidity contract		Hedge of convertible bonds from the 2009 issue	
(in million euros)	Number	Gross	Number	Gross
Total at 1 January	**300,000**	**5.9**	**10,908,807**	**244.2**
• Capital increase: sales of pre-emptive subscription rights (1)	-	(1.2)	-	(44.6)
• Shares sold (2)	-	-	(4,398,821)	(81.2)
• Shares reclassified: change of category (3)	-	-	1,554,873	58.8
• Shares covering bond conversions	-	-	(1)	-
TOTAL AT 31 DECEMBER	**300,000**	**4.7**	**8,064,858**	**177.2**
Impairment at 1 January 2012		**(2.2)**		**(106.4)**
• Provisions (4)		(1.5)		(90.5)
• Shares reclassified into other categories: net value reclassification		-		2.4
• Reversals (5)		0.5		59.0
PROVISIONS FOR IMPAIRMENT AT 31 DECEMBER 2012		**(3.2)**		**(135.5)**

(1) On 6 March 2012 Peugeot S.A. undertook a capital increase with pre-emptive subscription rights, enabling it to sell the pre-emptive rights attached to its treasury shares (Note 14).

(2) As part of its strategic alliance, the Managing Board voted to sell to General Motors 4,398,821 treasury shares for €53.8 million (Note 14).

(3) Re-categorisations decided by the Managing Board.

(4) Including €62.3 million to reflect an impairment expense based on the average exchange price during the last month of the period, which was €5.18 per share.

(5) Shares sold to General Motors: impairment reversal of €36.2 million (Note 14).

B. UNITS IN FCPR INVESTMENT FUNDS

Peugeot S.A. holds units in France's Fonds de Modernisation des Équipementiers Automobiles (FMEA), a private equity fund set up by the French government as part of the Automobile Pact signed on 9 February 2009. These units are measured at value in use, which corresponds to their market value at the balance sheet date. The market value reflects the value in use of the investments made by the fund. Value in use is considered as being equal to cost in the first twelve months following acquisition, except for any adjustments that may be necessary due to unfavourable subsequent events. After the first twelve months, value in use is estimated using earnings multiples.

At 31 December 2012 the cost value of monies already called and paid into the Fund was €72.8 million. As a result, during the year, an additional €39.5 million impairment was recognised on FMEA securities, bringing the total amount to €42.0 million at year end.

FMEA units not yet called at 31 December 2012 amounted to €78.1 million. The liability is carried in the balance sheet under "Due to suppliers of fixed assets" (Note 1.D).

These units are governed by the tax rules relating to FCPR investment funds, with the result that long-term capital gains on the units will be taxed at a reduced rate.

NOTE 8 LONG-TERM LOANS AND RECEIVABLES

Peugeot S.A. made a deposit of €30 million on 20 December 2012 as part of a securitisation of the Group's trade receivables, which have a ceiling of €250 million.

NOTE 9 OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS

(in million euros)	31/12/2012	31/12/2011
Recoverable taxes (1)	124.0	137.3
Shareholder advances	32.9	114.1
Other	1.2	1.0
TOTAL	**158.1**	**252.4**

(1) Receivables from the State arising in 2010 and 2011 as research tax credits in the amount of €92.5 million and €92.7 million were sold to a financial institution for €77.6 million in 2011 and €107.6 million in 2012.

NOTE 10 MARKETABLE SECURITIES

Marketable securities *(in million euros)*	Treasury shares (Note 10.A.)	Other marketable securities (Note 10.B.)	Balance as of 31/12/2012
Cost at 1 January 2012	**246.7**	**148.2**	**394.9**
• Additions	-	-	-
• Disposals	(80.3)	(9.2)	(89.5)
Cost at 31 December 2012	**166.4**	**139.0**	**305.4**
Impairment at 1 January 2012	(167.0)	-	(167.0)
• Additions	(34.7)	-	(34.7)
• Reversals	58.2	-	58.2
Provisions for impairment at 31 December 2012	**(143.5)**	**-**	**(143.5)**
NET COST AT 31 DECEMBER 2012	**22.9**	**139.0**	**161.9**

A. PEUGEOT S.A. SHARES

Changes in treasury shares classified as "marketable securities":

	Hedge of stock-option plans		Other allocations*	
(in million euros)	Number	Gross	Number	Gross
Total at 1 January	**4,698,000**	**201.7**	**1,280,643**	**45.0**
• Capital increase: sales of pre-emptive subscription rights (1)	-	(19.2)	-	(5.3)
• Shares sold	-	-	-	-
• Shares reclassified: change of category (2)	(326,030)	(18.0)	(1,228,843)	(37.8)
TOTAL AT 31 DECEMBER	**4,371,970**	**164.5**	**51,800**	**1.9**
Impairment at 1 January 2012		**(142.3)**		**(24.6)**
• Provisions (3)		(26.6)		(8.1)
• Reversals		39.6		18.6
• Re-categorisation		(12.5)		12.5
PROVISIONS FOR IMPAIRMENT AT 31 DECEMBER 2012		**(141.8)**		**(1.6)**

(1) On 6 March 2012 Peugeot S.A. undertook a capital increase with pre-emptive subscription rights, enabling it to sell the pre-emptive rights attached to its treasury shares (Note 14).

(2) In accordance with the decisions of the Managing Board.

(3) Including €32.9 million to reflect an impairment expense based on the average exchange price during the last month of the period, which was €5.18 per share.

* Other allocations include treasury shares allocated to future plans and to the 2010 performance shares plan, as well as shares yet to be allocated. Bearing in mind the reclassifications made by the Managing Board, there remained 51,800 unallocated shares at year end.

B. OTHER MARKETABLE SECURITIES

Most of the OAT debt securities held by Peugeot S.A. are purchased under resale agreements and lodged with the European Investment Bank as collateral for loans made by the bank to Group subsidiaries.

These resale agreements (for renewable three-month periods) are included in "Other marketable securities" in an amount of €139.0 million at 31 December 2012.

NOTE 11 TREASURY SHARES, PERFORMANCE SHARE PLAN AND STOCK OPTION PLANS

A. PEUGEOT S.A. SHARES

AT 31 DECEMBER 2012

At year-end, Peugeot S.A. held 12,788,628 securities, acquired at a total cost of €348.3 million. These securities break down into the following two categories, based on the purpose for which they were acquired:

(in million euros)	Number of shares	Gross value	Impairment	Net value
"Other long-term investments" (Note 7)				
Shares held for allocation on conversion of the Oceane bonds issued on 23/06/2009	8,064,858	177.2	(135.5)	41.7
Shares held for the purpose of setting up a future liquidity contract	300,000	4.7	(3.2)	1.5
Sub-total – "Other investments"	8,364,858	181.9	(138.7)	43.2
"Other marketable securities" (Note 10)				
Shares held for allocation on exercise of stock options	4,371,970	164.5	(141.8)	22.7
Other allocations	51,800	1.9	(1.6)	0.3
Sub-total – "Marketable securities"	4,423,770	166.4	(143.4)	23.0
TOTAL AT 31 DECEMBER	**12,788,628**	**348.3**	**(282.1)**	**66.2**

The application of valuation methods specific to each category of shares as described in Notes 1.D and 1.F resulted in an additional net impairment expense of €6.6 million for the 2012 year, which was a net expense of €30.1 million in other investments and a net reversal of €(23.5) million in marketable securities.

Following these additional losses recorded during the year, total impairment recognised on Peugeot S.A. shares held by the Company amounted to €282.1 million at 31 December 2012 versus €275.5 million at 31 December 2011.

B. PERFORMANCE SHARE PLAN

No new performance share plans were set up in 2012.

CHARACTERISTICS OF THE 2010 PERFORMANCE SHARE PLAN

	Date of decision of Managing Board	Date of maturity	Number of Grantees at start	Number of options granted at start	Number of options cancelled at closing	Number of options at closing
2010 Plan	21/09/2010	mid-February 2013*	291	816,000	816,000	0

* *The vesting date for non-French tax residents 21 February 2014.*

The Peugeot S.A. Managing Board had decided to use the authorisation given at the Extraordinary Shareholders' Meeting of 2 June 2010 to set up a performance share plan on 21 September 2010. No performance shares had been granted to members of the Managing Board under the plan.

At 31 December 2012 these performance conditions had not been met and so warranted no awards of performance shares to the grantees. The rights attached to them were therefore cancelled.

All the expenses recognised in previous years were reversed, in the amount of €2.2 million.

C. STOCK OPTION PLANS

No stock option plans were set up during 2012 and no options were exercised.

The characteristics of the Company's stock option plans are presented below:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	40.68	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	44.76	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	35.16	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	51.65	1,155,000
2008 Plan	20/08/2008	22/08/2011	19/08/2016	194	28.27	1,345,000

One of the vesting conditions of the stock options is generally the grantee's continued presence within the Company at the vesting date.

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

(number of options)	31/12/2012	31/12/2011
Total at 1 January	**4,698,000**	**5,392,107**
Adjusted number of options granted following the capital increase (1)	**797,810**	-
Options granted	-	-
Options exercised	-	-
Cancelled options	(56,800)	(16,000)
Expired options	(1,067,040)	(678,107)
TOTAL AT 31 DECEMBER	**4,371,970**	**4,698,000**
o/w exercisable options	4,371,970	4,698,000

(1) In compliance with Articles R. 228-91 para. 1° a) and R. 225-140 of the French Commercial Code.

NOTE 12 CASH EQUIVALENTS

Cash equivalents correspond to cash advances made to GIE PSA Trésorerie, manager of the cash pool for the Group's manufacturing and sales companies. The funds are immediately available to meet the Company's day-to-day cash needs and bear interest at a rate based on the average monthly EONIA.

The cash advances are used by GIE PSA Trésorerie to meet the short-term financing needs of Group subsidiaries. External investments consist of units in money market funds with a capital guarantee and a guaranteed yield, retail certificates of deposit and money market notes at overnight rates.

At 31 December 2012, advances to GIE PSA Trésorerie totalled €386.0 million, and interest payable amounted to €0.4 million.

NOTE 13 PROVISIONS RECOGNISED AT 31 DECEMBER 2012

Type of provisions *(in million euros)*	At 1 January	Charges for the year	Used in the year	Reversals for the year	Other movements	At 31 December
Provisions						
Provision for transferable tax savings (Note 16)	1,256.1	-	-	(1,256.1)	-	-
Provisions for tax risks [(1)]	20.3	87.1	-	-	-	107.4
Other provisions for contingencies and charges [(2)]	43.3	5.0	(2.0)	(7.9)	-	38.4
	1,319.7	92.1	(2.0)	(1,264.0)	-	145.8
Provisions for impairment of investments						
Shares in subsidiaries and affiliates (Note 5.B)	685.5	3,101.9	-	(7.7)	-	3,779.7
Advances to subsidiaries and affiliates (Note 6)	31.0	-	-	(31.0)	-	-
Other investments (Note 7)	111.1	129.1	(59.5)	-	-	180.7
Loans	1.0	0.1	-	-	-	1.1
	828.6	3,231.1	(59.5)	(38.7)	-	3,961.5
Provisions for impairment of current assets						
Marketable securities (Note 10.A)	167.0	34.7	(15.9)	(42.3)	-	143.5
Bond redemption premiums	**5.4**	**4.2**	**-**	**-**	**-**	**9.6**
TOTAL	**2,320.7**	**3,362.1**	**(77.4)**	**(1,345.0)**	**-**	**4,260.4**
Movements classified under:						
• operations		0.7	-	(7.8)	-	
• financing		3,274.2	(77.4)	(81.1)	-	
• non-recurring		1.2	-	-	-	
• income tax (Note 24)		86.0	-	(1,256.1)	-	

(1) *Charges to provisions for tax risk cover the risk established at €66.0 million, which corresponds to the credit against lower-rate Group taxes of higher-rate, foreign tax credits, since 2010; as well as €19.9 million for the tax dispute regarding undated subordinated notes.*

(2) *The provision reversal appearing under "Other provisions" refers to the 2010 performance shares plan for €7.8 million, of which the Peugeot S.A. portion was €2.2 million (Note 11.B) since the conditions for granting the shares were not met. At 31 December 2012, this item primarily included a €36.6 million provision for contingencies recorded on Peugeot Motocycles (Note 5.B).*

NOTE 14 SHARE CAPITAL

(number of shares)	31/12/2012	31/12/2011
At 1 January	**234,049,344**	**234,049,225**
Shares issued during the year	120,799,648	119
AT 31 DECEMBER	**354,848,992**	**234,049,344**

CAPITAL INCREASE

In 2011 a total of 119 shares were issued during the year upon conversion of Oceane bonds issued by Peugeot S.A. (Note 15). In 2012 the sole conversion request was satisfied by the allocation of an existing share.

On 6 March 2012 Peugeot S.A. launched a cash-based capital increase with pre-emptive subscription rights. The final gross proceeds amounted to €999.0 million corresponding to the issue of 120,799,648 new shares at a par value of €1. The issue premium on these shares was €878.2 million before transaction costs. These amounted to €32.6 million.

Following the capital increase, the Peugeot family remained Peugeot S.A.'s leading shareholder with 25.2% of the share capital and 37.9% of exercisable voting rights. The family exercised 32,875,655 pre-emptive subscription rights, for a total amount of €140 million.

General Motors is now the second largest Peugeot S.A. shareholder, with 7.0% of the share capital.

Under the terms of the agreement between General Motors and Peugeot S.A., General Motors has given an undertaking not to raise its interest in Peugeot S.A. before 2022.

This transaction included the sale by Peugeot S.A. of all of the pre-emptive subscription rights attaching to its treasury shares, for €35.4 million. The purchase cost of these rights was measured at €70.3 million, or €4.09 per right, and the transaction entailed a €34.9 million loss. In addition, a €39.2 million impairment reversal was recognised.

As part of its strategic alliance, the Managing Board voted to sell 4,398,821 treasury shares to General Motors. These shares were carried on the balance sheet at €81.1 million and sold for €53.8 million, resulting in a capital loss of €27.3 million. Additionally, a reversal was recognised on a €36.2 million impairment provision existing at the close of the previous reporting period.

SITUATION AT 31 DECEMBER 2012

At 31 December 2012, the Company's share capital comprised 354,848,992 ordinary shares with a par value of one euro each, all fully paid. Fully-paid shares registered in the name of the same holder for at least four years carry double voting rights. At 31 December 2012 a total of 75,015,432 shares carried double voting rights.

NOTE 15 CHANGES IN EQUITY

(in million euros)	31/12/2011	Capital increase 06/03/2012	Appropriation voted at AGM 25/04/2012	Other movements for the year	31/12/2012
Share capital	**234.0**	**120.8**	**-**	**-**	**354.8**
Additional paid-in capital	**-**	**856.8**	**-**	**-**	**856.8**
Revaluation reserve [(1)]					
Investments in non-consolidated companies	466.6	-	-	(11.8)	454.8
	466.6	-	-	(11.8)	454.8
Reserves and retained earnings					
Legal reserve	27.8	-	-	-	27.8
Long-term capital gains reserve	1,068.5	-	-	-	1,068.5
Other reserves	4,751.4	-	-	-	4,751.4
Retained earnings	1,698.2		444.1	-	2,142.3
	7,545.9	-	444.1	-	7,990.0
Net profit for the year	**444.1**	**-**	**(444.1)**	**61.2**	**61.2**
Untaxed provisions	**1.0**	**-**	**-**		**1.0**
TOTAL	**8,691.6**	**977.6**	**-**	**49.4**	**9,718.7**

(1) 1976 legal revaluation. A portion of the reserve was reversed following the sale of the GEFCO shares.

NOTE 16 PROVISION FOR TRANSFERABLE TAX SAVINGS

The 2011 financial statements recognised a provision for transferable taxes of €1,256.2 million stemming from the tax savings obtained by Peugeot S.A. from tax losses incurred by its tax-consolidated subsidiaries. As the Group's short-term forecasts do not anticipate any additional taxes due to the French government from the use of these tax losses by the subsidiaries, this provision was completely reversed for 2012.

NOTE 17 LONG-AND SHORT-TERM DEBT

(in million euros)	31/12/2012	31/12/2011
Other bond debt	4,535.4	3,901.8
Other long- and short-term debt	30.7	3.1
TOTAL	**4,566.1**	**3,904.9**

In order to meet its general financing needs in the current economic environment, including the financing of current operations and projects for future growth, the Group has maintained its policy of proactive and diversified financing, and of conservative cash management.

As part of this policy, Peugeot S.A. issues bonds in the framework of an EMTN programme, establishes confirmed lines of credit for financial security and, when called for, undertakes a capital increase and issues convertible bonds.

This €2,400 million syndicated line of credit was originally due to expire in July 2014. A €2,225 million tranche was extended to July 2015 while the €175 million remainder still expires in July 2014.

This facility is subject to keeping the net debt-to-equity ratio of the manufacturing and sales companies lower than one.

€7 BILLION GUARANTEE FROM THE FRENCH STATE

Under Article 85 of the Amending Finance Act of 29 December 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. An initial guarantee agreement for an amount of €1,200 million will be signed once temporary authorization is received from the European Commission under state rescue aid rules. The French State notified the European Commission of this guarantee on 7 January 2013. The Act provides for an agreement to be signed by the French State, Peugeot SA and Banque PSA Finance, which will notably describe the commitments made by the Group to the French State in return for this guarantee.

A second guarantee agreement corresponding this time to the residual amount of €5,800 million will be signed once definitive authorization has been received from the European Commission under state restructuring aid rules.

The main refinancing transactions carried out during 2011 and 2012 were the following:

PEUGEOT S.A. BOND ISSUES

On 11 April 2012, Peugeot S.A. issued €600 million worth of 5,625% bonds due July 2017.

BREAKDOWN OF BONDS BY MATURITY

(in million euros)	2013	2014	2015	2016	2017	Total at 31/12/2012
Other bonds	850.0	750.0	500.0	1,150.0	600.0	3,850.0
Convertible bonds			575.0			575.0
TOTAL	**850.0**	**750.0**	**1,075.0**	**1,150.0**	**600.0**	**4,425.00**

On 26 January 2011 Peugeot S.A. carried out two tap issues on its October 2010 bonds. Thus, €350 million were added to the bond issue due October 2013 and €150 million to the issue due October 2016. The yields offered on the tap issues were, respectively, around 40-basis points and 30-basis points below those of the original issues.

On 27 September 2011, Peugeot S.A. launched a €500 million 6,875% bond issue due March 2016.

TERMS OF THE OCEANE ISSUE

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.

An 31 December 2012, 1,311 bonds had been converted, just one of which was converted during 2012.

At the same date accrued interest recognised on these bonds amounted to €110.4 million.

NOTE 18 MATURITIES OF RECEIVABLES AND PAYABLES AT 31 DECEMBER 2012

Receivables *(in million euros)*	Total	Due within one year	Due beyond one year
Advances to subsidiaries and affiliates	4,856.1	1,281.1	3,575.0
Loans (1)	32.8	-	32.8
Non-current assets	**4,888.9**	**1,281.1**	**3,607.8**
Trade receivables	-	-	-
Other receivables and prepayments to suppliers			
• Income tax prepayments	120.9	120.9	-
• Subsidiaries	32.9	32.9	-
• Other	4.3	4.3	-
• Total	158.1	158.1	-
Cash equivalents	385.6	385.6	-
Current assets	**543.7**	**543.7**	**-**
Prepaid expenses	0.7	0.7	-
TOTAL	**5,433.3**	**1,825.5**	**3,607.8**

(1) Surety deposit on the securitisation of the Group's commercial paper and 1% construction loan. See Note 13 for information on asset impairment.

Payables *(in million euros)*	Total	Due within one year	Due beyond one year
Long- and short-term debt	4,566.1	991.1	3,575.0
Trade payables	51.4	51.4	-
Due to suppliers of fixed assets	82.6	78.1	4.5
Shareholder advances	230.0	230.0	-
Other	0.2	0.1	0.1
Other liabilities	230.2	230.1	0.1
TOTAL LIABILITIES	**4,930.3**	**1,350.7**	**3,579.6**
Deferred income	11.2	4.6	6.6

At 31 December 2012, the Company had no liabilities due beyond five years.

The amount reported under "Due to suppliers of fixed assets" includes €78.1 million in capital commitments to the FMEA that had not been called at 31 December 2012.

Deferred income corresponds to bond redemption premiums, which are being billed over the life of the debt.

NOTE 19 ACCRUED INCOME AND EXPENSES

Accrued income and expenses included in other balance sheet items are as follows:

(in million euros)	31/12/2012	31/12/2011
Accrued income		
Advances to subsidiaries and affiliates (Note 6)	111.1	76.9
Trade receivables	-	10.9
Other receivables and prepayments to suppliers	1.1	1.0
Marketable securities	-	0.1
Cash equivalents	-	0.6
TOTAL	**112.2**	**89.5**

(in million euros)	31/12/2012	31/12/2011
Accrued expenses		
Long- and short-term debt (Note 17)	110.4	76.9
Trade payables	34.7	5.8
Accrued taxes and payroll costs	10.5	16.7
Other liabilities	-	-
Cash equivalents	0.4	-
TOTAL	**156.0**	**99.4**

NOTE 20 ITEMS REFERRING TO RELATED PARTIES AND ASSOCIATED COMPANIES

(in million euros)	Related party transactions [1]
Balance sheet items	
Assets	
Shares in subsidiaries and affiliates (Note 5)	12,786.4
Advances to subsidiaries and affiliates (Note 6)	4,856.1
Trade receivables	-
Other receivables and prepayments to suppliers	32.9
Cash equivalents (Note 12)	385.6
Liabilities & Equity	
Long- and short-term debt (Note 17)	0.4
Trade payables	3.4
Due to suppliers of fixed assets	4.5
Other liabilities	230.2
Income statement items	
Financial expenses	0.9
Impairment on equity investments: expenses (Note 5)	3,101.9
Investment income	1,199.2
Impairment of investments and in loans and advances to subsidiaries and affiliates: reversals (Notes 5 & 6)	38.7
Other financial income	254.5

(1) Companies consolidated in the consolidated financial statements of the PSA Peugeot Citroën Group, including those accounted for by the equity method.

Transactions with other related parties are not material.

NOTE 21 BREAKDOWN OF OPERATING INCOME AND EXPENSE FOR THE PERIOD ENDING 31 DECEMBER 2012

(in million euros)	31/12/2012	31/12/2011
Revenue (Note 22)	101.8	86.9
Other income	-	-
Expense transfers	0.3	1.3
Reversals of provisions for contingencies and charges	7.2	4.7
Operating income	109.3	92.9
Other purchases and external charges (1)	(75.2)	(25.2)
Taxes other than on income	(4.5)	(5.4)
Wages and salaries	(31.1)	(42.1)
Payroll taxes	(11.2)	(16.8)
Other expenses	(1.6)	(1.6)
Additions to provisions for contingencies and charges	(0.7)	(1.0)
Operating expenses	(124.3)	(92.1)
NET OPERATING INCOME	**(15.0)**	**0.8**

(1) Peugeot S.A. signed a lease on the building at 75 avenue de la Grande-Armée in Paris, after selling it in 2011. The yearly rent is €14.9 million. Fee expense increased by €36.0 million as a result of the disposals in the year.

NOTE 22 REVENUE

Revenue breaks down as follows:

A. BY BUSINESS SEGMENT

(in million euros)	31/12/2012	31/12/2011
Service revenues (1)	94.0	79.7
Rental income	7.8	7.2
TOTAL	**101.8**	**86.9**

(1) Service revenue consists mainly of contributions to Group research costs, headquarters expenses and management fees billed by the parent company to its subsidiaries.

B. BY GEOGRAPHICAL SEGMENT

Substantially all of the Company's revenue is generated in France.

NOTE 23 BREAKDOWN OF NON-RECURRING INCOME AND EXPENSE FOR THE PERIOD ENDING 31 DECEMBER 2012

(in million euros)	31/12/2012	31/12/2011
Net gains on property disposals (Note 4)	-	245.0
Net gains on treasury share disposals (Note 14)	53.8	-
Net gains on disposals of shares in subsidiaries and affiliates (Note 5)	800.0	-
Reversals of provisions for claims and litigation and tax audits	2.0	2.4
Reversal of revaluation reserve (Note 15)	11.8	2.6
Other	-	0.2
Non-recurring income	867.6	250.2
Fines relating to claims and litigation and tax audits [1]	(2.1)	(40.2)
Carrying amount of divested assets (Note 3)	-	(8.5)
Carrying amount of divested shares in subsidiaries and affiliates (Note 5)	(24.3)	-
Carrying amount of divested treasury shares (Note 14)	(81.1)	-
Net income from sale of pre-emptive subscription rights (Note 10)	(34.9)	-
Other	(0.4)	(0.6)
Non-recurring expenses	(142.8)	(49.3)
NET NON-RECURRING INCOME (EXPENSE)	**724.8**	**200.9**

(1) In 2011 this item mainly concerned unfavourable rulings handed down in relation to the "SCC/FF" case which resulted in fines amounting to €37.8 million.

NOTE 24 INCOME TAXES

In view of the Group's tax regime (Note 1.J), tax income and expense recognised in profit and loss are as follows:

(in million euros)	31/12/2012	31/12/2011
Tax payable to Peugeot S.A. by profitable members of the tax group	9.8	166.2
Return by profitable members of the tax group of tax savings previously transferred by Peugeot S.A.		
Grantees	29.9	71.2
Group relief	83.6	96.1
Adjustments for tax expense (1)	(9.4)	(38.2)
Change in provision for tax savings to be transferred to loss-making subsidiaries (Note 16)	1,256.2	(256.4)
Change in provision for tax risks (Note 13)	(86.0)	6.1
NET INCOME TAX BENEFIT	**1,284.1**	**45.0**

(1) In 2011 this item mainly concerned unfavourable rulings handed down in relation to the "SCC/FF" case which resulted in tax adjustments amounting to €31.2 million. In 2012 the tax relating to issue costs on the capital increase which were recognised for the issue premium were transferred to this premium (Note 15).

In 2012, the overall income of the Group as consolidated entity for tax purposes was a loss of €1,780.7 million at the standard tax rate, and a profit of €162.9 million at the reduced rate. As a result of the loss, the surtax did not apply. In 2012 the tax group had unused tax loss carryforwards totalling €8,333.3 million.

Dividends received by Peugeot S.A. during the period were not subject to the new supplemental corporate income tax contribution called for by the second amended Finance Law of 2012.

NOTE 25 FINANCIAL COMMITMENTS

(in million euros)	31/12/2012	31/12/2011
Commitments received		
Syndicated line of credit (1)	2,400.0	2,400.0
Bank guarantee (2)	20.0	17.0
Income tax reallocations (3)	533.1	562.9
TOTAL	**2,953.1**	**2,979.9**
Commitments given		
Guarantees for loans obtained by:		
• Peugeot S.A. subsidiaries (4)	2,157.8	1,624.1
• Other companies	-	-
Other commitments given on behalf of:	-	-
• Peugeot S.A. subsidiaries (5)	650.5	336.8
TOTAL	**2,808.3**	**1,960.9**
Commitments received from and given to related parties are as follows:		
• Commitments received	553.1	579.9
• Commitments given	2,808.3	1,960.9

Commitments received include:

(1) Rollover of the Peugeot S.A. line of credit.

On 9 July 2010, Peugeot S.A rolled over in advance a €2,400 million three-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks. In July 2011, a first one-year extension was accepted by the banks, to July 2014. A second one-year extension on €2,225 million made it possible to postpone the maturity to July 2015, while €175 million would still reach maturity on July 2014 .

(2) Guarantees received for tax bonds issued in connection with tax disputes in France.

(3) Allocations to certain subsidiaries of income tax previously paid by Peugeot S.A., which these subsidiaries have undertaken to repay to Peugeot S.A. when they return to profit.

Commitments given include:

(4) €600 million in guarantees made by Peugeot S.A. in 2011 as part of a €600 million bond issue by GIE PSA Trésorerie maturing September 2033. The other guarantees mostly concern loans obtained by subsidiaries from the European Investment Bank and the EBRD.

€503 million in guarantees given in 2012 by Peugeot S.A. as part of the debt incurred by PCMA Russie.

€30 million in loan commitments given to GEFCO in connection with the disposal and not drawn down at 31 December 2012. This commitment expires on 18 February 2013.

(5) For €426.9 million, the equivalent of outstanding loans by Banque PSA Finance to Group subsidiaries at 30 November 2012, that Peugeot S.A. is committed to repaying in the event of default by the subsidiaries concerned.

For €140.9 million the letters of intent signed by Peugeot S.A. in 2012 to guarantee the rental payments due under the leases signed by France and UK Retail.

Commitments related to the GEFCO Group

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the GEFCO Group from PSA Peugeot Citroën. At 31 December 2012, the Group had not identified any material risks associated with these representations and warranties.

NOTE 26 PENSION OBLIGATIONS

Peugeot S.A. employees are entitled to supplementary pension benefits, payable annually, or lump sum length-of-service awards payable at the time of retirement. These benefits are paid under defined contribution and defined benefit plans.

Existing defined benefit plans concern the retirement bonuses provided for by collective bargaining agreements and the internally-managed portion of the supplementary pension scheme for engineers and management personnel (cadres) that was not transferred to an external fund in 2002, which guarantees a defined level of pension benefit from all plans of up to 60% of the employee's final salary.

The members of the Group's management bodies are eligible to participate in the supplementary pension plan provided that (i) they have sat on the Managing Board, Executive Committee or other Management body for a specific minimum period; and (ii) they end their career with the Group. This top-hat plan guarantees an aggregate replacement rate for all plans (statutory and supplementary) of up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse or partner. Since 1 January 2010 a new scheme has been established for new members of management, including the same guarantees calculated on a benchmark salary, based on fixed compensation over the three years of employment preceding retirement from the Group, plus a percentage equal to the average ratio of variable compensation over fixed compensation for the eight years of employment preceding retirement from the Group.

At 31 December 2012, the projected benefit obligation amounted to €115.4 million, including €69.5 million in benefit obligations towards members of the management bodies.

The obligation is partly funded by external funds in the amount of €56.2 million. No provision has been recorded for the unfunded portion.

France's 2010 Social Security Financing Act was published in the Journal Officiel on 27 December 2009. The main measures affecting the Company's pension obligations concern the top-hat plan for members of the Group's management bodies. Effective from 1 January 2010, the 6% tax on contributions to this plan rose to 12% and, for pensions claimed on or after 1 January 2010, an additional 30% tax is payable on the total amount of pension benefits that exceed eight times the ceiling for Social Security contributions. These new measures were taken into account in the calculation of pension obligations at the year-end, resulting in a €9 million increase in the projected benefit obligation.

The Pensions Reform Act was enacted by the President of the French Republic and published in the Journal Officiel on 10 November 2010.

The new legislation provides for a gradual rise in the retirement age from 60 currently to 62 in 2018. Its application by Peugeot S.A. has led to a non-material decrease in the projected benefit obligation under the retirement bonus plan.

The 21 June 2010 industry-level agreements amending the 1970 agreement introducing monthly salary payments for non-management employees and the 1972 collective bargaining agreement applicable to engineers and managers are applicable from 30 July 2010. These new agreements align the retirement bonus rights for both managers and non-management employees under the applicable collective bargaining agreement.

The increase in Peugeot S.A.'s projected benefit obligation under the retirement bonus plan resulting from this amendment was not material.

NOTE 27 UNRECOGNISED DEFERRED TAXES

Unrecognised deferred taxes arising from timing differences between the recognition of income and expenses for financial reporting and tax purposes represented a net asset of €221.2 million at 31 December 2012.

Under France's amended 2004 Finance Act (Act No. 2004-1485 dated 30 December 2004) companies were given the option of transferring reinvested long-term capital gains taxed at a reduced rate to distributable reserves without paying the difference between the reduced tax rate and the standard rate, in exchange for a 2.5% exit tax. This option concerned the portion of the long-term capital gains reserve in excess of €200 million, and the transfer had to be carried out before 31 December 2006. Peugeot S.A. decided not to take up this opportunity. At 31 December 2012, the long-term capital gains reserve potentially subject to additional tax amounted to €1,068.5 million (Note 15).

NOTE 28 MANAGEMENT COMPENSATION

(in million euros)	31/12/2012	31/12/2011
Compensation paid to:		
• Members of management bodies	6.6	6.6
• Members of the Supervisory Board	1.5	1.4
TOTAL MANAGEMENT COMPENSATION	**8.1**	**8.0**

The Group is managed by the Managing Board.

The Group's management bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

The compensation details provided in the table above do not include payroll taxes. The Managing Board members will not receive their 2012 bonuses.

The following table presents details of Peugeot S.A. performance shares awarded to members of the management bodies in 2010 and outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2012:

(number of options)	31/12/2012	31/12/2011
Stock options held at 31 December	395,460	372,000
Performance shares awarded in 2010 [(1)] that were held at 31 December (see Note 11)	-	65,000

(1) In line with the commitments given by the Group in application of the regulations governing agreements with companies that have received exceptional State aid, no performance shares were granted to members of the Managing Board in 2010.

Members of the Group's management bodies participate in the supplementary pension plan described in Note 26.

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 29 AVERAGE WORKFORCE

(number of employees)	31/12/2012	31/12/2011
Managers	280.0	279.0
Other	61.0	65.0
TOTAL	**341.0**	**344.0**

NOTE 30 INDIVIDUAL ENTITLEMENT TO TRAINING

In line with the French Training Act (Act No. 2004391) of 4 May 2004, employees are entitled to at least 20 hours' personal training per calendar year, which can be carried forward for up to six years. At the end of the six-year period, if the training entitlement is not used it is capped going forward at 120 hours.

In June 2005 Peugeot S.A. signed an agreement on career-long training in order to be consistent with the agreement signed on 15 April 2005 by Peugeot Citroën Automobiles. In line with the law, each employee is awarded an annual training credit equal to 20 hours. The training rights accumulated since 1999 under earlier schemes have been maintained and the cap on the training entitlement that may be carried forward has been raised to 150 hours. Employees may attend training courses during their working hours, provided that this does not disrupt the organisation of their unit.

At 31 December 2012, training credits totalling 37,296 hours were available.

No accrual was booked in this respect at 31 December 2012, in line with opinion No. 2004-F issued on 13 October 2004 by the Conseil National de la Comptabilité urgent issues task force.

NOTE 31 SUBSEQUENT EVENTS

No events occurred between 31 December 2012 and the 12 February 2013 meeting of the Supervisory Board to review the financial statements that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following:

Notification of the authorisation by the european commission concerning the state guarantee for the refinancing of Banque PSA Finance and the agreement made with the State

On 11/02/2013 the European Commission gave its temporary authorisation for the guarantee described in Note 17 with respect to the first, €1,200 million tranche. An agreement in this regard will be signed by the French State, Peugeot S.A. and Banque PSA Finance. It will specify the commitments made to the State by the Peugeot Citroën Group and bearing primarily on the following points:

- Peugeot S.A. will agree to set up a five-member Oversight Committee, including two members of the Peugeot S.A. Supervisory Board, the member of the Managing Board of Peugeot S.A. in charge of finance, and two representatives of the State. The purpose of said committee, among others, will be to ensure a good coordination among the State, Peugeot S.A. and Banque PSA Finance in the implementation of the guarantee;
- Peugeot S.A will agree not to distribute dividends, reserves, share premiums or any other assets or to buy back shares or make any kind of subtractions from equity without the prior consent of the State;
- Peugeot S.A will agree not to bestow, and will see that its subsidiaries do not bestow, on members of the Managing Board of Peugeot S.A. any variable compensation, extraordinary bonuses, retirement packages (without prejudice to pensions that must be paid in compliance with the law or the courts), options to buy or subscribe shares, performance shares or any other equity security or security convertible to equity, without the prior approval of the State.

Under this same agreement, Banque PSA Finance will agree to pay the State a monthly fee equal to 260 basis points calculated on a yearly basis and on the principal and accrued interest of the credits the State has guaranteed.

The review process by the European Commission is currently in progress, with a view to obtaining a final authorisation decision with regard to State subsidies for restructuring.

20.4.7. PEUGEOT S.A. FIVE-YEAR FINANCIAL SUMMARY

(en euros)	2012	2011	2010	2009	2008
I - Financial position at 31 december					
a - Share capital (1)	354,848,992	234,049,344	234,049,225	234,049,142	234,048,798
b - Shares outstanding	354,848,992	234,049,344	234,049,225	234,049,142	234,048,798
II - Results of operations					
a - Net revenues	1,555,591,599	816,142,657	618,615,747	706,891,796	638,330,276
b - Income before tax, employee profit-sharing, depreciation, amortisation and provisions	1,884,037,150	663,823,877	199,298,390	393,686,214	518,965,886
c - Employee profit-sharing (charge for the year)	-	-	-	-	-
d - Income tax (2)	1,284,142,729	45,029,722	180,892,567	46,841,128	121,708,369
e - Income after tax, employee profit-sharing, depreciation, amortisation and provisions	61,213,741	444,119,935	647,883,601	537,011,853	47,527,964
f - Dividends (4)			249,547,952,		
III - Per share data (3)					
a - Income after tax and employee profit-sharing before depreciation, amortisation and provisions	8.93	3.03	1.62	1.88	2.74
b - Income after tax, employee profit-sharing, depreciation, amortisation and provisions.	0.17	1.90	2.77	2.29	0.20
c - Dividend per share:					
• Dividend paid	-	-	1.07	-	-
• Tax already paid (tax credit) (3)	-	-	-	-	-
TOTAL REVENUE	-	-	-	-	-
IV - Employees					
a - Average number of employees	341	344	336	334	355
b - Total payroll	33,613,058	40,951,996	33,214,427	35,889,698	38,514,763
c - Total benefits (national health insurance, retirement pensions, etc.).	11,183,125	17,307,884	16,148,312	15,272,699	15,865,706

(1) Changes in equity are the result of the 2012 capital increase and OCEANE bonds converted to shares between 2009 and 2011.

(2) Since 1 January 1990, in compliance with article 223-A et seq. of the French Tax Code, a consolidated tax return has been filed by the Company and its French subsidiaries that are at least 95% owned. The income tax charge includes current taxes for the year and movements in provisions for deferred taxes.

(3) Beginning with dividends received in 2005, the tax credit has been replaced with tax relief.

20.4.8. SUBSIDIARIES AND EQUITY INVESTMENTS AT 31 DECEMBER 2012

Company or Group *(in thousands of euros or of national currencies)*	Share	Shareholders' equity other than capital	Share of equity held (as a percent)
I - Detailed information regarding securities with a gross value over 1% of share capital			
A - Subsidiaries (at least 50%-owned)			
Peugeot Citroën Automobiles route de Gisy, 78 Vélizy	300,177	(491,903)	100.00
Faurecia 2, rue Hennape, 92 Nanterre	775,836	1,392,537	57.19
Grande Armée Participations 75 avenue de la Grande-Armée, Paris 16e	60,435	130,600	100.00
Banque PSA Finance 75 avenue de la Grande-Armée, Paris 16e	177,408	1,777,182	74.93
Automobiles Citroën 12, rue Fructidor, Paris 17e	159,000	14,509	100.00
Automobiles Peugeot 75 avenue de la Grande-Armée, Paris 16e	172,712	73,133	100.00
Process Conception Ingénierie 9, avenue du Maréchal Juin, 92 Meudon-la-Forêt	22,954	23,585	84.54
DJ58 75, avenue de la Grande Armée - Paris 16e	245,001	4,994	100.00
Peugeot Motocycles rue du 17 Novembre - 25 Mandeure	7,142	(22,073)	100.00
GEFCO 77 à 81, rue des Lilas d'Espagne, 92 Courbevoie (Hauts-de-Seine)	8,000	140,721	24.96
PSA International S.A. 62 quai Gustave Ador, 1207 Geneva (Switzerland)	CHF 5,979	231,127	-
	EUR 4,953	191,457	99.93
Société Anonyme de Réassurance Luxembourgeoise 6 B Route de Trêves L2633 Senningerberg -- Luxembourg	10,500	22	100.00
B - Affiliates (10 to 50%-owned)			
PSA Assurances SAS	25,740	53,079	10.00
II - General information regarding the other securities with a gross value that does not exceed 1% of share capital			
A - Subsidiaries not listed in I:			
a) French subsidiaries (total)			
b) Foreign subsidiaries (total)			
B - Affiliates not listed in I:			
a) French companies (total)			
b) Foreign companies (total)			

Book value of shares held							
Gross	Net	Unpaid loans and advances from the Company	Amount of deposits and endorsements given by the Company	Revenues excluding sales taxes of the past financial year	Profit (loss) for the last reporting period	Dividends received by the Company during the period	Observations
8,506,953	5,478,953	-	1,008,570	53,567,187	(3,554,307)	-	
1,585,955	1,585,955	-	-	191,916	107,332	22,183	
408,923	142,323	-	-	0	4,825	6,162	
380,084	380,084	-	426,974	3,747,507	283,405	398,784	
625,653	625,653	-	4,157	8,138,336	4,705	69,300	
480,545	480,545	-	4,157	11,478,540	41,751	256,447	
170,304	39,101	-	-	212,602	3,287	9,030	
245,001	245,001	-	-	250,821	4,994	-	
353,964	0	-	-	102,620	(43,365)	-	
8,094	8,094	320,000	39,000	1,825,753	116,211	409,705	
-	-	-	-	44,164	30,807		1 EUR = 1,2072 CHF
6,844	6,844	-	-	36,584	25,519	27,569	
11,267	11,267	-	-	0	0	-	
2,574	2,574			495	48,239		
15	15	-	600,000			-	
10	10	-	-			11	
-	-	-	-			-	
219	219	-	-			-	

20.5. AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

20.5.1. STATUTORY AUDITORS' REPORTS

Please refer to the Statutory Auditors' Reports on the consolidated financial statements and the Company financial statements for the year ended 31 December 2012 in sections 20.3.1 and 20.4.1 above respectively.

20.6. DATE OF LATEST FINANCIAL INFORMATION

31 December 2012.

20.7. INTERIM AND OTHER FINANCIAL INFORMATION

Not applicable.

20.8. DIVIDEND POLICY

	2008	2009	2010	2011	2012
Dividend per share					
Net	-	-	€1.10	-*	-*
Tax credit	n/a	n/a	-**	n/a	n/a
Total revenue	n/a	n/a	-**	n/a	n/a

* *Subject to shareholder approval at the 24 April 2013 Annual Shareholders' Meeting.*

** *Beginning with the 2004 dividend received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.*

The PSA Peugeot Citroën Group pays a dividend, with the Supervisory Board's approval, when this is reasonable considering the Group's performance and the objective of securing an improvement in its underlying profitability.

In view of Group earnings in 2012, and in order to give priority to allocating financial resources to the Group's development, the Supervisory Board approved the Managing Board's proposal to not pay a dividend for 2012. The non-payment of dividend will be proposed to the Annual Shareholders' Meeting of 24 April 2013.

20.9. LEGAL AND ARBITRATION PROCEEDINGS

Please refer to section 4.4 of this Registration Document.

20.10. SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL OR TRADING POSITION

Please refer to section 12 and 13, to Note 41 to the consolidated financial statements concerning subsequent events (see section 20.3.7 above) and to Note 31 to the Company financial statements.

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ADDITIONAL INFORMATION

21.1. SHARE CAPITAL

21.1.1. SHARE CAPITAL AT 31 DECEMBER 2012

The issued capital amounted to €354,848,992 as of 31 December 2012. It was divided into 354,848,992 shares with a par value of €1.00, all fully paid-up and of the same class. The shares are held in registered or bearer form, at the shareholder's choosing. The increase compared with the number of shares outstanding at 31 December 2011 resulted from the issuance of 120,799,648 new shares as part of the capital increase. As previously reported, at 31 December 2011, the issued capital amounted to €234,049,344, divided into 234,049,344 shares with a par value of €1.00.

21.1.2. SHARES NOT REPRESENTING CAPITAL

Not applicable.

21.1.3. SHARES HELD BY OR ON BEHALF OF THE COMPANY OR BY SUBSIDIARIES

A total of 12,788,628 shares with a par value of €1.00 were held in treasury as of 31 December 2012, representing 3.60% of issued capital.

21.1.4. SHARES OF COMMON STOCK, SHARE EQUIVALENTS, OPTIONS TO PURCHASE NEW SHARES OF COMMON STOCK AND STOCK GRANTS

Share equivalents are options to purchase existing shares, which are granted solely to employees.

These options were granted to executives and senior managers, including Managing Board members, in 2008 and preceding years. No stock options were granted from 2009 to 2012.

A total of 4,371,970 options were outstanding at 31 December 2012. Shares may be issued from time to time when holders of Peugeot S.A. OCEANE bonds present their bonds for conversion. (cf. note 27.2 accompanying the Financial Statements as at 31 December 2012.) No capital increase was made following OCEANE conversions in 2012. Following the capital increase with preferential subscription rights for shareholders undertaken by Peugeot S.A. on 29 March 2012, bearers of Peugeot OCEANE bonds of 2016 were informed that the new conversion exchange ratio as of 30 March 2012 would rise from 1.02 shares to 1.20 shares per OCEANE bond (announcement of 30 March 2012).

On 29 March 2012 Peugeot S.A. made an all-cash capital increase with preferential subscription rights.

The final gross proceeds amounted to €999.0 million corresponding to the issue of 120,799,648 new shares at a par value of one euro. The issue premium on these shares was €878.0 million before transaction costs. The latter equalled €33 million, of which €32 million were spent as at 30 June 2012.

Following the rights issue, the Peugeot family remained PSA Peugeot Citroën's leading shareholder with 25.4% of the capital and 38.1% of exercisable voting rights at the end of March 2012. The family purchased 32,875,655 shares through the rights issue, representing an investment of approximately €140 million.

Pursuant to its strategic alliance with the Group, General Motors became PSA Peugeot Citroën's second largest shareholder with 7.0% of the capital obtained by purchasing and exercising pre-emptive subscription rights sold by Peugeot SA and the Peugeot family Group, and by purchasing 4,398,821 treasury shares sold by Peugeot SA.

In all, Peugeot SA sold €81 million worth of treasury shares to General Motors and 70 million pre-emptive subscription rights on the market. The sale proceeds, in the amount of €151 million, were recognised directly in equity.

Under the terms of the agreement between General Motors and Peugeot SA, General Motors has given an undertaking not to raise its interest in Peugeot SA before 2022, except for the exceptions described in Chapter 22, below.

The proceeds from the capital increase will be used principally to fund strategic investments related to projects that are core to the global strategic alliance with General Motors. These investments will be used to finance the projects related to the sharing of vehicle platforms, components and modules, which will generate design and purchasing costs synergies.

The proceeds from the capital increase will also make it possible to extend the alliance to other areas of cooperation beyond the two initial pillars.

On 21 September 2010, the Peugeot S.A. Managing Board decided to use the authorisation given at the Extraordinary Shareholders Meeting of 2 June 2010 to set up a performance share plan based on the cumulative performance for 2010, 2011 and 2012. A performance share plan was set up in 2010, under which no performance shares were granted to members of the Managing Board, as the combined conditions had not been met. In line with the commitments given by the Group in application of the regulations governing agreements with companies that have received exceptional State aid. The extension of this authorisation given to grant existing shares for performance was approved by the Extraordinary Shareholders Meeting of 25 April 2012. No performance shares were awarded during the financial year ended 31 December 2012.

For more information, refer to notes 27.3 and 27.4 accompanying the 2012 consolidated financial statements.

21.1.5. AUTHORISATIONS IN EFFECT

The following financial authorisations have been granted by shareholders to the Managing Board.

In accordance with the Articles of association, any corporate actions or bond issues must be submitted to the Supervisory Board for prior approval.

FINANCIAL AUTHORISATIONS IN EFFECT AT 31 DECEMBER 2012

	Authorisation	Validity	Granted	Used	Expires
1 – Annual Shareholders Meeting					
Buyback of shares *(10th resolution)*	Acquisition of up to 22,696,289 shares Maximum purchase price: €30	18 months	25 April 2012	none	31 November 2013
2 – Extraordinary Shareholders Meeting					
Authorisation to issue securities conferring the right to acquire equity directly or indirectly with pre-emptive subscription rights *(15th resolution)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1,500 million	26 months	31 May 2011	use of up to €120,799,648 par value at the time of the capital increase of 29 March 2012	31 July 2013
Authorisation to issue securities conferring the right to acquire equity directly or indirectly without pre-emptive subscription rights, through a public offering or private placement *(respectively, the 16th and 17th resolution)*	• Aggregate par value of shares not to exceed €400 million • Aggregate nominal amount of debt securities not to exceed €1,500 million	26 months	31 May 2011	none	31 July 2013
Increase in the amount of securities offered for issues that are oversubscribed *(18th resolution)*	• Authorisation to increase the number of securities offered under any issues decided pursuant to the 15th, 16th and 17th resolutions approved at the Annual Shareholders Meeting of 31 May 2011, provided that the ceilings specified in the resolutions are not exceeded	26 months	31 May 2011	none	31 July 2013
Authorisation to carry out an employee share issue *(19th resolution)*	• Aggregate par value of shares not to exceed €15 million, to be deducted from the €400 million ceiling specified above	26 months	31 May 2011	none	31 July 2013

PSR: preferential subscription right

FINANCIAL AUTHORISATIONS THAT EXPIRED IN 2012

	Authorisation	Validity	Granted	Used	Expires
1 – Annual Shareholders Meeting					
Buyback of shares *(13th resolution)*	Acquisition of up to 16,000,000 shares Maximum purchase price: €65	18 months	31 May 2011	10,000,000 shares	31 November 2012
2 – Extraordinary Shareholders Meeting					
Cancellation of shares *(14th resolution)*	• 10% of the capital stock per each 24-month period	18 months	31 May 2011	none	31 November 2012
Issuance of stock warrants while a takeover bid is in progress *(20th resolution)*	• aggregate par value of shares not to exceed €160 million to be deducted from the €400 million ceiling specified above • number of warrants issued not to exceed €160 million	18 months	31 May 2011	none	31 November 2012

PSR: preferential subscription right.

21.1.6. DESCRIPTION OF BUY-BACK PROGRAMME

At the Annual Shareholders' Meeting on 25 April 2012, shareholders authorised a share buyback programme for the purpose of:

- reducing the Company's share capital through cancellation; or
- selling shares on the exercise of stock options granted to employees, executives or officers of the Company or any related entity as per legal and regulatory conditions; or
- attributing shares under a performance share plan for employees, executives or officers of the Company or any related entity as per legal and regulatory conditions; or
- undertaking transactions with employee shareholders restricted to members of a company savings plan, executed pursuant to Articles L. 3331-1 et seq. of the French Labour Code, by transferring shares previously acquired by the Company under this resolution, or against an award of these shares as a matching contribution of Company shares and/or substituting for a discount;
- allocating shares when rights attaching to financial securities are exercised entitling the owner to be granted shares in the Company through conversion, redemption, exchange or in any other way; or
- maintaining a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider acting under a liquidity agreement that complies with a Code of Ethics approved by the *Autorité des marchés financiers*; or
- allocating shares (by way of payment, exchange or contribution) as part of an external growth transaction, merger, demerger or asset contribution, within the limits set forth in governing regulations.

In compliance with the law, the Company may never directly or indirectly own more than 10% of issued capital.

The foregoing authorisation to repurchase shares which was given by the Shareholders Meeting of 31 May 2011 was used in August 2011, allowing the Group to buy back 10 million shares for a total of €199.198 million.

The authorisation covers a maximum number of 22,696,289 shares with a maximum purchase price of €30 per share and is given for an 18-month period, or until 31 November 2013. No shares were bought back during 2012. However, the Group did sell 4,398,821 treasury shares to General Motors. For further information, please refer to Chapter 21.1.4.

The Shareholders Meeting of 24 April 2013 will be asked to renew the authorisation regarding the repurchase programme on the terms presented in the 15th Resolution appearing in Chapter 21.4 "The Shareholders Meeting" of this registration document.

Any use of this authorisation by the Managing Board would require the prior approval of the French government, pursuant to the undertakings given by the Group in connection with the support granted by the French government in the form of guarantees for certain issues of debt securities to be carried out by Banque PSA Finance.

In compliance with Article L. 225-209 of the French Commercial Code *(Code de commerce)* and Articles 241–1 to 242-7 of AMF General Rules and Regulations, a description of the programme is available in the Annual Shareholder's Meeting section of the www.psa peugeot.citroen.com website, as well as on the www.amf.france.org website.

21.1.7. OPTIONS TO PURCHASE EXISTING SHARES OF COMMON STOCK

Every year from 1999 to 2008, the Managing Board granted options to certain employees, executives and corporate officers of the Company and its subsidiaries, allowing them to purchase existing shares of common stock at a specified price.

No stock options were granted in 2009, 2010 or 2012.

For a description of these plans, the number of options outstanding and the average weighted value of the options and underlying shares, please refer to note 27.3 to the 2012 consolidated financial statements in section 20.3 above. As previously stated, owing to the capital increase undertaken on 29 March 2012, the stock options of plans currently in effect were adjusted as indicated in note 27.3.

21.1.8. HISTORY OF THE SHARE CAPITAL

(in euros)	2012	2011	2010
Share capital at the beginning of the year	234,049,344	234,049,225	234,049,142
Increase in capital	120,799,648	-	-
Shares issued on conversion of Ocean bonds	-	119	83
Shares cancelled	-	-	-
CAPITAL AT END OF PERIOD	**354,848,992**	**234,049,344**	**234,049,225**

No other form of potential capital had been issued as of 31 December 2012.

21.1.9. MARKET FOR THE COMPANY'S FINANCIAL INSTRUMENTS

LISTING OF THE PEUGEOT S.A. SHARE

The Peugeot S.A. share is listed on the NYSE Euronext Paris stock exchange, compartment A, where it is eligible for the deferred settlement system.

The Peugeot S.A. shares was removed from the CAC 40 following a vote by the Scientific Advisory Board of the Euronext NYSE indexes during its quarterly review of 6 September 2012.

The share is also traded in London on the SEAQ International system and in the United States in the form of American Depositary Receipts (ADRs), traded on the New York over-the-counter market. Each share of common stock is represented by one ADR.

PEUGEOT S.A SHARE DATA SHEET

ISIN	FR0000121501
Markets	Eurolist continuous trading – NYSE Euronext Paris, Compartment A Ticker UGFP (Bloomberg). Other markets: • United States: Traded as American Depositary Receipts (ADRs), with one ADR representing one share of common stock on OTCQX. Ticker PEUGY US; • Europe: SEAQ International – London
Listed in the major indexes	CAC Next 20 Index, SBF 120, CAC ALL-TRADABLE, CAC LARGE 60, Dow Jones Euro Stoxx Auto, Advanced Sustainable Performance Indices (ASPI), FTSE4Good
Share eligibility	Deferred settlement under the SDR System and inclusion in French PEA stock savings plans
Par value	€1.00
Shares outstanding at 31 December 2012	354,848,992
Closing price on 31 December 2012	€5.471
Market value at 31 December 2012	€1.941 billion

SHARE INFORMATION

(Source: NYSE Euronext)

PRICE

	2012			2011			% change on 2012/2011 closing price
(in euros)	High	Low	31/12/2012	High	Low	31/12/2011	
Share	17.39	4.320	5.471	33.60	11.59	12.11	-54.82%
CAC 40 index	3,684.16	2,922.26	3,641.07	4,169.87	2,693.21	3,159.81	15.23%

TRADING DATA

	2012		2011	
	Total	Daily average	Total	Daily average
Number of shares	1,406,566,645	5,494,401	582,561,757	2,266,777
Value *(in million euros)*	11,809.88	46.13	13,353.56	51.96

MARKET FOR THE PEUGEOT S.A. SHARE ON THE PARIS STOCK EXCHANGE (DEFERRED SETTLEMENT SERVICE)

	Share price *(in euros)*			Trading volumes		
					Value per month	Daily average
	Low	High	Closing	By number of shares per month	*(in million euros)*	*(in thousands of euros)*
2011						
January	28.735	33.600	30.615	34,527,236	1,087.96	51,807.7
February	27.550	31.350	29.015	44,353,032	1,314.35	65,717.7
March	25.825	29.885	27.880	45,661,297	1,268.79	55,164.6
April	26.370	30.900	30.660	28,352,928	810.83	42,675.0
May	28.310	31.740	29.410	34,503,714	1,029.88	46,812.6
June	27.310	31.150	30.870	54,655,093	1,571.49	71,431.2
July	26.035	32.310	26.540	38,476,238	1,130.48	53,832.2
August	17.925	26.905	21.330	74,994,208	1,586.35	68,971.8
September	15.125	21.640	16.165	58,472,787	1,040.52	47,296.4
October	14.510	18.695	15.875	63,345,863	1,072.20	51,057.0
November	11.600	15.445	13.840	60,424,734	838.75	38,124.9
December	11.590	14.620	12.110	44,794,627	601.97	28,665.1
2012						
January	11.980	15.570	14.095	53,706,760	742.91	33,768.81
February	13.340	17.390	15.045	99,461,350	1,529.98	72,856.26
March	11.476	13.855	12.075	142,972,739	1,857.10	84,413.55
April	8.555	12.200	9.070	125,001,631	1,252.13	65,901.76
May	7.864	9.370	7.976	99,391,894	845.63	38,437.75
June	7.046	8.597	7.753	138,659,231	1,077.15	51,292.62
July	5.700	8.067	6.333	207,926,247	1,379.31	62,696.11
August	5.862	7.069	6.015	86,407,809	555.86	24,167.69
September	5.710	7.280	6.150	132,408,583	864.24	43,212.01
October	4.771	6.330	4.936	122,171,071	697.51	30,326.49
November	4.320	5.094	4.717	95,237,546	442.74	20,124.44
December	4.444	5.920	5.471	103,221,784	565.32	29,753.86
2013						
January	5.445	6.828	5.744	121,997,142	755.13	34,324.16
February	5.517	6.545	5.798	97,401,618	585.25	29,291.63

Source: SNYSE Euronext Paris – January 2013

PEUGEOT S.A. AMERICAN DEPOSITARY RECEIPTS (ADRS) TRADED ON THE US MARKET

	Share price *(in US dollars)*		Trading volumes	
	Low	High	Closing	Volume per month
2011				
January	39.02	44.48	42.15	23,091
February	38.40	42.65	40.18	68,374
March	35.44	40.88	39.90	35,161
April	37.68	45.39	45.39	15,269
May	39.86	45.85	42.40	17,375
June	39.45	44.80	44.80	18,259
July	38.15	45.41	38.15	284,525
August	26.24	36.55	30.67	93,383
September	21.20	29.92	21.24	106,921
October	19.80	25.15	22.24	78,214
November	15.80	21.25	18.56	779,122
December	15.03	19.36	15.62	235,103
2012				
January	15.76	20.19	18.32	208,503
February	18.46	21.45	20.22	141,519
March	16.03	20.7	16.15	145,358
April	11.47	15.6	12.05	87,201
May	9.9	12.11	9.9	190,971
June	9.02	10.53	9.84	53,308
July	7.27	9.7	7.75	170,823
August	7.15	8.54	7.6	94,624
September	7.39	9.55	7.96	96,474
October	6.61	8.11	6.61	55,997
November	5.62	6.49	6.2	90,886
December	5.9	7.85	7.45	81,923
2013				
January	7.35	8.88	7.79	39,522
February	7.17	8.64	7.62	196,671

COUPONS ELIGIBLE FOR PAYMENT

DIVIDENDS

	Shares outstanding	Par value	Coupon number	Payment date	Date of barred	Dividend paid	Taxes already paid to Treasury (tax credit)	Total income per share
Equities	243,109,146	€1.00	45	1 June 2005	1 June 2005	€1.35	*	*
	234,618,266	€1.00	46	31 May 2006	31 May 2011	€1.35	*	*
	234,618,266	€1.00	47	30 May 2007	30 May 2012	€1.35	*	*
	234,280,298	€1.00	48	4 June 2008	4 June 2013	€1.50	*	*
	234,048,798	€1.00	-	n/a	n/a	-	n/a	n/a
	234,049,142	€1.00	-	n/a	n/a	-	n/a	n/a
	234,049,225	€1.00	49	7 June 2011	7 June 2016	€1.10	*	*
	234,049,344	€1.00	-	n/a	n/a	-	n/a	n/a
	354,848,992	€1.00	-	n/a	n/a	-	n/a	n/a

Beginning with dividends received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.

In view of Group earnings in 2012, and in order to give priority to allocating financial resources to the Group's development, the Supervisory Board approved the Managing Board's proposal to not pay a dividend for 2012. The non-payment of dividend will be proposed to the Annual Shareholders' Meeting of 24 April 2013.

OTHER RIGHTS

	Shares outstanding	Par value	Coupon number	Ex-dividend date	Type of transaction
Share	18,479,370	FRF 70	26	15 July 1987	Bonus share issue (one new share for five existing shares)

21.2. MEMORANDUM AND ARTICLES OF ASSOCIATION

21.2.1. CORPORATE PURPOSE

(Summary of Article 3 of the Articles of association)

The Company's purpose is to participate, directly or indirectly, in any and all industrial, commercial or financial activities, in France or abroad, related to:

- the manufacture, sale or repair of all forms of motor vehicles;
- the manufacture and sale of all steel products, tools and tooling;
- the manufacture and sale of all manufacturing, mechanical and electrical engineering equipment;
- the granting of short, medium and long-term consumer loans, the purchase and sale of all marketable securities and all financial and banking transactions;
- the provision of all transport and other services;
- the acquisition of all real property and property rights, by any appropriate means;

and generally to conduct any and all commercial, industrial, financial, securities or real estate transactions related directly or indirectly to any of the above purposes or any other purpose that contributes to the development of the Company's business.

21.2.2. PROVISIONS OF THE ARTICLES OF ASSOCIATION WITH RESPECT TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The organisation and procedures of the Managing Board and Supervisory Board are described in Articles 9 and 10 of the Articles of association.

The Company is managed by a Managing Board with at least two and no more than seven members.

21.2.3. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EXISTING SHARES

(Article 8 of the Articles of association)

In addition to the statutory voting rights attached to the shares, each share entitles its holder to a fractional share of the Company's profits and liquidation surplus equal to the fraction of the issued capital represented by the share.

All shares rank *pari passu* as regards taxation. As a result, they entitle their holders to the same net amount, based on their par value and cum-rights date, for any allocation or return of capital during the Company's life or its liquidation.

21.2.4. AMENDING SHAREHOLDER RIGHTS

(Excerpt from Article 7 of the Articles of association)

In addition to the statutory disclosures regarding the number of Company shares held, any individual or corporate shareholder that acquires or increases its direct or indirect interest in the Company's capital to more than 2%, as well as any additional 1% increase of the capital in excess of 2%, is required to disclose the total number of shares held. Said disclosure must be made within five full days of the date when the shares in excess of the relevant disclosure threshold are recorded in the shareholder's account. This requirement continues to apply to shareholders whose interest is in excess of the first statutory disclosure threshold of 5%.

At the request of one or more shareholders together holding at least 5% of the Company's capital, any undisclosed shares in excess of any of the above disclosure thresholds will be stripped of voting rights for a period of two years from the date at which the omission is remedied.

There are no other clauses in the Articles of association limiting voting rights.

21.2.5. SHAREHOLDERS MEETINGS

(Summary of Article 11 of the Articles of association)

Shareholders Meetings are held either at the Company's registered office or at any other location specified in the Notice of meeting, which is prepared in compliance with the applicable legislation.

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.

21.2.6. CONDITIONS IMPOSED BY THE ARTICLES OF ASSOCIATION GOVERNING CHANGES IN THE CAPITAL

None.

21.2.7. CHANGE OF OWNERSHIP

See section 18.4 above for information concerning change of ownership.

21.2.8. DISCLOSURE THRESHOLDS

Information regarding disclosure thresholds is provided in sections 18.1 and 21.2.4 above.

21.2.9. PARENT COMPANY FINANCIAL STATEMENTS

(Summary of Article 12 of the Articles of association)

Each financial year shall cover a twelve-month period commencing on 1 January and ending on 31 December.

The distributable profit as defined by law is at the disposal of the Shareholders Meeting. Apart from exceptions resulting from the law, the Shareholders Meeting makes the final decision as to its appropriation.

21.3. FEES PAID TO THE STATUTORY AUDITORS IN 2012 AND 2011

For information on fees paid to the Statutory Auditors, please refer to note 42 in the notes to the 2012 consolidated financial statements in section 20.3.7 above.

21.4. ANNUAL SHAREHOLDERS' MEETING OF 24 APRIL 2013

21.4.1. AGENDA

A/ ORDINARY RESOLUTIONS

- Approval of the parent company financial statements for the year ended 31 December 2012.
- Approval of the consolidated financial statements for the year ended 31 December 2012.
- Appropriation of profit.
- Approval of a related party agreement concerning undertakings by FFP and Etablissements Peugeot Frères to subscribe shares under the rights issue carried out by the Company in March 2012.
- Approval of related party agreements entered into in connection with the Company's sale of 75% of the share capital of GEFCO.
- Approval of a related party agreement on setting up a cash collateral arrangement to secure payment obligations of Automobiles Peugeot, Automobiles Citroën and Peugeot Citroën Automobiles.
- Re-election of a member of the Supervisory Board (Jean-Philippe PEUGEOT).
- Re-election of a member of the Supervisory Board (Robert PEUGEOT).
- Re-election of a member of the Supervisory Board (Henri Philippe REICHSTUL).
- Re-election of a member of the Supervisory Board (Geoffroy ROUX DE BÉZIEUX).
- Election of a member of the Supervisory Board (Patricia BARBIZET).
- Ratification of the appointment of a member of the Supervisory Board (Louis GALLOIS).
- Election of a member of the Supervisory Board representing employee shareholders (Anne VALLERON).
- Election of a member of the Supervisory Board representing employees (Jean-François KONDRATIUK).
- Authorisation for the Managing Board to buy back up to 10% of the Company's shares.

B/ EXTRAORDINARY RESOLUTIONS

- Authorisation for the Managing Board to reduce the Company's capital by up to 10% by cancelling acquired shares.
- Authorisation for the Managing Board to set up performance share plans.
- Authorisation for the Managing Board to issue, with pre-emptive subscription rights, shares and/or securities carrying rights to shares of the Company or any of its subsidiaries, and/or to increase the Company's capital by capitalising reserves, retained earnings, additional paid-in capital or other eligible items.
- Authorisation for the Managing Board to issue, through a public offer and without pre-emptive subscription rights, shares and/or securities carrying rights to shares of the Company or any of its subsidiaries.
- Authorisation for the Managing Board to issue shares and/or securities carrying rights to shares of the Company or any of its subsidiaries, without pre-emptive subscription rights, through a private placement governed by Article L. 411-2 II of the French Monetary and Financial Code.
- Authorisation for the Managing Board to increase the number of securities included in an issue of shares and/or securities carrying rights to shares of the Company or any of its subsidiaries, with or without pre-emptive subscription rights.
- Authorisation for the Managing Board to issue securities carrying rights to debt securities without giving rise to a capital increase.
- Authorisation for the Managing Board to carry out employee share issues without pre-emptive subscription rights.
- Authorisation for the Managing Board to issue stock warrants while a takeover bid for the Company is in progress.
- Amendment to Article 10 of the bylaws to provide for the nomination and election of a member of the Supervisory Board representing employee shareholders, in accordance with Article L. 225-71 of the French Commercial Code.
- Amendment to Article 10 of the bylaws to provide for the nomination and election of a member of the Supervisory Board representing employees.
- Amendment to Article 10 of the bylaws for the purpose of enabling employees to elect an employee representative member of the Supervisory Board, in accordance with Articles L. 225-79 *et seq.* of the French Commercial Code.
- Amendment to Article 7 of the bylaws related to disclosure thresholds.
- Amendment to Article 11 of the bylaws concerning electronic voting at Shareholders' Meetings
- Powers to carry out legal formalities.

21.4.2. REPORT OF THE MANAGING BOARD ON THE RESOLUTIONS PRESENTED AT THE COMBINED ANNUAL AND EXTRAORDINARY SHAREHOLDERS' MEETING OF 24 APRIL 2013

Ladies and Gentlemen, Fellow Shareholders

We have called this Combined Annual and Extraordinary Shareholders' Meeting so that you can vote on the proposed resolutions, whose purposes are presented below.

We remind you that the proxy information to be provided in the Annual Report and the Managing Board's report is included in this Registration Document.

ORDINARY RESOLUTIONS

I. APPROVAL OF THE 2012 FINANCIAL STATEMENTSAND APPROPRIATION OF PROFIT

(First, second and third resolutions)

Shareholders will be invited to approve the financial statements of the Group's parent company, Peugeot S.A. ("the Company") (**first resolution**) and the consolidated financial statements of the PSA Peugeot Citroën Group ("the Group") (**second resolution**) for the year ended 31 December 2012, as presented.

The parent company financial statements for 2012 show a net profit of €61,213,741.24 compared with €444,119,935.37 for the previous year.

The consolidated financial statements show an attributable loss for the year of €5,010 million, versus profit of €588 million for 2011.

Detailed information about the 2012 financial statements and the Group's business performance during the year is provided in the 2012 Registration Document.

The **third resolution** concerns the appropriation of the Company's net profit for the year of €61,213,741.24.

In light of the Group's 2012 results, of the requirements to appropriate the legal reserve under Article L. 232-10 of the French Commercial Code and to enable financial resources to be used primarily to support the business's development, the Managing Board recommends appropriating the legal reserve for €3,060,688 and the remaining amount to the "Retained earnings" account, lifting retained earnings to €2,200,509,439.02.

No dividend was paid for 2009 or 2011 and a dividend of €1.10 per share was paid for 2010.

II. APPROVAL OF RELATED PARTY AGREEMENTS ENTERED INTO IN 2012

(Fourth, fifth and sixth resolutions)

In the **fourth, fifth and six resolutions** shareholders are being asked to approve the related party agreements – as defined in Article L. 225-86 *et seq.* of the French Commercial Code – that were authorised by the Supervisory Board and entered into by the Company during 2012, and which are described in a special report drawn up by the Auditors.

In accordance with good corporate governance practices, the Managing Board has decided to submit these agreements for shareholder approval in three separate resolutions.

The **fourth resolution** concerns the signature of a letter dated 29 February 2012 by the Company, FFP and Etablissements Peugeot Frères relating to the irrevocable commitments given by FFP and Etablissements Peugeot Frères to subscribe shares under the rights issue carried out by the Company in March 2012. The signature of this letter was authorised by the Supervisory Board at its meeting on 27 February 2012.

The **fifth resolution** concerns the following agreements entered into by the Company in connection with its sale of 75% of the share capital and voting rights of GEFCO to JSC Russian Railways:

- A "Transition Services Agreement" signed with GEFCO on 20 December 2012, providing for the continuation of reciprocal services for a transition period of six to twelve months depending on the service concerned, with the possibility of extending this period for a further six months. The purpose of this agreement is to ensure a smooth transition for both the Company and GEFCO following the sale of the Company's controlling interest in GEFCO. The agreement covers support and assistance services, notably for legal affairs, purchasing, human resources, property management, financing and IT.

  This agreement was authorised by the Supervisory Board at its meeting on 18 December 2012.
- A "Shareholder Loan Agreement" entered into with GEFCO on 18 December 2012, under which the Company has granted GEFCO a €350 million credit facility, for a temporary period, in the form of a shareholder loan. In accordance with the terms of the agreement, this amount will be repaid when GEFCO has set up external financing, and by 30 June 2013 at the latest.

  This agreement was authorised by the Supervisory Board at its meeting on 18 December 2012.
- Three different "Delegation Agreements" entered into on 18 December 2012: one with GEFCO and Automobiles Citroën, the second with GEFCO and Automobiles Peugeot, and the third with GEFCO and Peugeot Citroën Automobiles. The purpose of each of these agreements is to protect the Company's rights in connection with the above-mentioned Shareholder Loan Agreement. They provide that if GEFCO defaults on repayment of the credit facility granted to it by Peugeot S.A., then Automobiles Citroën, Automobiles Peugeot and Peugeot Citroën Automobiles

may each pay directly to Peugeot S.A. the amounts they owe to GEFCO under a logistics services agreement signed by these three companies with GEFCO. The amount of such direct payments may represent up to the sum required to repay the credit facility.

These agreements were authorised by the Supervisory Board at its meeting on 18 December 2012.

The **sixth resolution** concerns the Company setting up a cash collateral arrangement in connection with the trade receivables sale programme of Automobiles Citroën, Automobiles Peugeot and Peugeot Citroën Automobiles. The cash collateral arrangement has been put in place for the financial institution to which the receivables are sold under the programme, in order to guarantee the payment obligations of Automobiles Citroën, Automobiles Peugeot and Peugeot Citroën Automobiles, as provided for in the programme's contractual documentation.

The cash collateral arrangement was authorised by the Supervisory Board at its 18 December 2012 meeting and the ensuing Cash Collateral Agreement was signed on 20 December 2012.

The related party agreements submitted for shareholder approval are described in the Auditors' Special Report on Related Party Agreements and Commitments in the Notice of Meeting.

III. TERMS OF OFFICE OF SUPERVISORY BOARD MEMBERS

(Seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth and fourteenth resolutions)

Re-election of Supervisory Board members

(Seventh, eighth, ninth and tenth resolutions)

The terms of office of the following Supervisory Board members expire at the close of this Annual Shareholders' Meeting: Jean-Philippe PEUGEOT, Robert PEUGEOT, Henri Philippe REICHSTUL and Geoffroy ROUX DE BÉZIEUX.

In order to enable the Board to continue to benefit from these members' expertise and their knowledge of the Group, as recommended by the Supervisory Board, they are being proposed for re-election in the **seventh, eighth, ninth and tenth resolutions**.

In accordance with the Company's bylaws, each of these Supervisory Board members would be re-elected for a four-year term, expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the 2016 financial statements.

Election of a Supervisory Board member

(Eleventh resolution)

In the eleventh resolution, shareholders are invited to elect Patricia BARBIZET as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

The Appointments Committee reviewed this nomination and particularly appreciated the fact that the Supervisory Board could benefit from Ms BARBIZET's financial expertise.

She qualifies as independent, as defined in the AFEP-MEDEF Corporate Governance Code.

Ratification of the appointment of a Supervisory Board member

(Twelfth resolution)

At its 12 February 2013 meeting, the Supervisory Board appointed Louis GALLOIS as a member of the Board to replace Marc FRIEDEL, who is stepping down from his position. Mr GALLOIS was appointed for the remainder of Mr FRIEDEL'S term, expiring at the close of the Annual Shareholders' Meeting to be called in 2014 to approve the 2013 financial statements.

The purpose of the **twelfth resolution** is for shareholders to ratify this appointment, in accordance with Article L. 225-78 of the Commercial Code.

Louis GALLOIS – who qualifies as independent, as defined in the AFEP-MEDEF Corporate Governance Code – has also been appointed Senior Independent Supervisory Board Member and a member of the Supervisory Board's Strategy Committee.

Election of a member of the Supervisory Board representing employee shareholders

(Thirteenth resolution)

As the shares held by Group employees under employee savings plans represent over 3% of the Company's capital, in compliance with Article L. 225-71 of the Commercial Code, the Company is required to have a Supervisory Board member representing employee shareholders.

Consequently in the **thirteenth resolution** shareholders are invited to elect Anne VALLERON as a member of the Supervisory Board representing employee shareholders. This election would be subject to shareholders approving the amendments to the Company's bylaws proposed in the twenty-fifth resolution. Anne VALLERON has been nominated by the supervisory boards of the corporate mutual funds (FCPEs) invested in Peugeot S.A. shares, in accordance with the procedure prescribed by law and described in the Company's bylaws (as amended by the twenty-fifth resolution).

As Anne VALLERON is an employee, she would not qualify as an independent member of the Supervisory Board as defined in the AFEP-MEDEF Corporate Governance Code.

Election of an employee representative as a member of the Supervisory Board
(Fourteenth resolution)

In the **fourteenth resolution** shareholders are being asked to elect Jean François KONDRATIUK as a member of the Supervisory Board representing Group employees.

The purpose of having an employee representative on the Supervisory Board is to more closely involve employees in the process of defining the Group's corporate strategy, in line with the stated aim of the Managing Board and the Supervisory Board. It is also in line with the spirit of the national inter-professional agreement signed by employer and employee representatives in France in January 2013, and the related Employment Protection Bill.

This election would be subject to shareholders approving the amendments to the Company's bylaws proposed in the twenty-sixth resolution. As new legal provisions concerning employee representation on corporate boards are due to be introduced in the near future in France, Jean François KONDRATIUK would be elected for a two-year term in order to avoid any conflict with the future legal framework.

As Jean François KONDRATIUK is an employee, he would not qualify as an independent member of the Supervisory Board as defined in the AFEP-MEDEF Corporate Governance Code.

Biographical details of the persons standing for election or re-election to the Supervisory Board and the number of shares held by each one are presented in the Notice of Meeting, which can be downloaded from the Shareholders section of the Group's website (**www.psa-peugeot-citroen.com**).

IV. AUTHORISATION TO CARRY OUT A SHARE BUYBACK PROGRAMME
(Fifteenth resolution)

In the **fifteenth resolution** shareholders are invited to renew the authorisation to carry out a share buyback programme. The previous authorisation was given at the Annual Shareholders' Meeting of 25 April 2012 and expires on 24 October 2013. It has not been used.

Taking into account the 10% limit on the proportion of capital that may be held in treasury under French company law, the amount of Peugeot S.A.'s capital, and the 12,788,628 treasury shares held by the Company at 12 March 2013 (representing around 3.60% of the capital, unchanged from 31 December 2012), in practice the Managing Board would be authorised to buy back up to 22,696,271 shares.

The maximum purchase price would be set at €15 per share and the total amount invested in the programme would not exceed €340,444,065.

Any use of this authorisation the Managing Board would require the prior approval of the French government, pursuant to the undertakings given by the Group in connection with the support granted by the French government in the form of guarantees for certain market issues of debt securities to be carried out by Banque PSA Finance.

Subject to obtaining this approval, the shares could be bought back by any appropriate method, on or off-market, in accordance with Article L. 225-209 of the Commercial Code and the rules issued by the French securities regulator, the *Autorité des Marchés Financiers* (AMF). The programme could be implemented at any time, except when a takeover bid for the Company is in progress.

The authorisation to buy back shares could be used: for a reduction in share capital through sahre cancellation; for allocation on exercise of stock options; for performance share plans; for employee savings plans; for allocation on redemption, conversion or exercise of securities carrying rights to shares; to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider; or for remittance in connection with external growth operations, mergers, demergers or asset contributions.

The authorisation is being sought for a period of eighteen months as from this Meeting, i.e. until 30 November 2014.

EXTRAORDINARY RESOLUTIONS

V. AUTHORISATION TO REDUCE THE COMPANY'S CAPITAL BY CANCELLING SHARES ACQUIRED UNDER BUYBACK PROGRAMMES
(Sixteenth resolution)

The **Sixteenth resolution** renews the authorisation for the Managing Board to reduce the Company's capital by cancelling all or some of the Peugeot S.A. shares currently held or that may be acquired in the future under shareholder-approved buyback programmes, including the one authorised in the fifteenth resolution. The total number of shares cancelled in any twenty-four month period would not exceed 10% of the capital.

Any use of this authorisation the Managing Board would require the prior approval of the French government, pursuant to the undertakings given by the Group in connection with the support granted by the French government in the form of guarantees for certain market issues of debt securities to be carried out by Banque PSA Finance.

This authorisation is being sought for a period of twenty-four months and would supersede the one given at the Annual Shareholders' Meeting of 25 April 2012. No shares were cancelled during the year ended 31 December 2012.

VI. AUTHORISATION TO SET UP PERFORMANCE SHARE PLANS
(Seventeenth resolution)

In the **seventeenth resolution** the Managing Board is asking shareholders to renew, for a period of twenty-six months, the authorisation to grant performance shares given at the Annual Shareholders' Meeting of 25 April 2012, which expires on 24 June 2013. No performance shares were granted under this previous authorisation.

Under the new authorisation, the Managing Board would be able to grant existing or new shares of the Company – without consideration and subject to performance conditions – on one or several occasions to employees and/or officers of the Company or of any related entity or economic interest grouping as defined in Article L. 225-197-2 of the Commercial Code. The number of shares granted would not represent more than 0.85% of the Company's capital as of the date of the Managing Board's decision (unchanged from the ceiling set in the authorisation given at the 25 April 2012 Annual Shareholders' Meeting).

As stipulated in the Company's by laws, the Managing Board would be required to obtain the Supervisory Board's prior authorization.

The purpose of this authorisation is to more closely associate officers and employees with the Group's financial performance.

Pursuant to the Group's commitments in relation to the support granted by the French government in the form of guarantees for certain market issues of debt securities carried out by Banque PSA Finance, any grant of performance shares to members of the Managing Board would be subject to the prior approval of the French government.

The allocation of shares would be subject to a vesting period of at least two years, followed by a lock-up period of at least two years after the vesting date (unless the vesting period is longer than four years). In addition, if grantees were to leave the Group before the end of the vesting period, the shares would be forfeited except upon the occurrence of certain specific events defined in the plan documentation, such as death or disability. The share grants are a means of retaining the talent existing within the Group by giving grantees a stake in the medium-term performance of Peugeot S.A. shares.

All of the grants would be subject to internal and/or external performance objectives covering several years, to be determined by the Managing Board with the Supervisory Board's agreement. For the most recent performance share plan set up by the Group (the 2010 plan), the performance objectives that had to be achieved in order for the shares to vest were based on consolidated recurring operating income over a period of three years, excluding Faurecia, but including operations in China accounted for by the equity method.

Consequently, none, some or all of the performance shares may vest, depending on the degree to which the performance objectives are met.

In accordance with the applicable regulations, for performance shares granted to members of the Managing Board, the Supervisory Board may decide that the shares may not be sold for as long as the grantee remains in office or may stipulate the number of shares that must be held in registered form for as long as he or she remains in office.

The Managing Board will report to shareholders on any use made of this authorisation, in accordance with Article L. 225-197-4 of the Commercial Code.

moreover, as was the case at the Annual Shareholders' Meeting of 25 April 2012, no resolution is being presented at this Meeting to authorise the Managing Board to set up a stock option plan.

VII. AUTHORISATIONS TO ISSUE SHARES AND/OR SECURITIES CARRYING RIGHTS TO SHARES, WITH OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS (Eighteenth, nineteenth, twentieth and twenty-first resolutions)

At the Annual Shareholders' Meeting of 31 May 2011, the Managing Board was given a number of authorisations to issue shares and/or securities carrying rights to shares, in France or abroad and/or on the international markets, with and without pre-emptive subscription rights. All of these authorisations expire in 2013.

In the eighteenth, nineteenth, twentieth and twenty-first resolutions, shareholders are invited to renew all of these authorisations in accordance with the terms and conditions described below. This will provide the Managing Board with the necessary flexibility to choose the most appropriate ways of raising capital, depending on the opportunities offered by the financial markets.

Shareholders are being asked to set the following ceilings on the capital increases that could be carried out under the eighteenth, nineteenth, twentieth and twenty-first resolutions:

- The maximum aggregate nominal amount of any capital increases carried out – immediately and/or on exercise of rights to shares – with pre-emptive subscription rights for existing shareholders, pursuant to the eighteenth resolution, would be €177,424,496, representing 50% of the Company's capital as at 12 March 2013.

  This €177,424,496 ceiling would be a blanket ceiling covering (i) the aggregate nominal amount of any capital increases carried out – immediately and/or on exercise of rights to shares – with pre-emptive subscription rights under the eighteenth resolution and without pre-emptive subscription rights under the nineteenth and twentieth resolutions, and (ii) the aggregate par value of any shares issued to employees under the twenty-third resolution on employee share issues.
- The aggregate nominal amount of any capital increases carried out – immediately and/or on exercise of rights to shares – without pre-emptive subscription rights by way of (i) a public offer pursuant to the nineteenth resolution, and/or (ii) a private placement pursuant to the twentieth resolution, would also be subject to a specific sub-ceiling of €70,969,799 (representing 20% of the Company's capital as at 12 March 2013), included within the above-mentioned blanket ceiling of €177,424,496.
- All of the above ceilings would include the nominal amount of any additional securities issued using the authorisation given in the twenty-first resolution to increase the number of securities included in an issue in the event that it is oversubscribed (subject to a cap of 15% of the original issue amount).

The ceilings referred to in the above paragraphs would not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations and any contractual provisions to protect the rights of existing holders of securities or other rights convertible, redeemable or otherwise exercisable for the Company's shares.

Shareholders are also invited to set the following ceilings in the eighteenth, nineteenth, twentieth and twenty-first resolutions concerning the issue of debt securities carrying immediate and/or deferred rights to shares:

- The maximum aggregate nominal amount of debt securities issued with pre-emptive subscription rights for existing shareholders under the eighteenth resolution would be €1,500,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies).

  This €1,500,000,000 ceiling would be a blanket ceiling covering all debt securities issued, with or without pre-emptive subscription rights, under the eighteenth, nineteenth and twentieth resolutions.

- The aggregate nominal amount of any debt securities issued without pre-emptive subscription rights by way of (i) a public offer pursuant to the nineteenth resolution, and/or (ii) a private placement pursuant to the twentieth resolution, would also be subject to a specific sub-ceiling of €600,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies), included within the above-mentioned blanket ceiling of €1,500,000,000.
- All of the above ceilings would include the nominal amount of any additional securities issued using the authorisation given in the twenty-first resolution to increase the number of securities included in an issue in the event that it is oversubscribed (subject to a cap of 15% of the original issue amount).

The ceilings referred to in the above paragraphs would not apply to either (i) the amount of any debt securities carrying rights to debt securities that may be issued under the authorisation in the twenty-second resolution, or (ii) the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws.

As stipulated in the Company's bylaws, the Managing Board would be required to obtain the Supervisory Board's prior authorisation before carrying out any issue of shares and/or securities carrying rights to shares, with or without pre-emptive subscription rights for existing shareholders.

In the event that a takeover bid is launched for the Company, the above authorisations would be automatically suspended during the offer period and their use would have to be authorised or approved by a Shareholders' Meeting in accordance with the applicable legislation.

Authorisation to issue shares and/or securities carrying rights to shares, with pre-emptive subscription rights, and/or to increase the Company's capital by capitalising reserves, retained earnings, additional paid-in capital or other eligible items

(Eighteenth resolution)

The **eighteenth resolution** authorises the Managing Board, to issue – with pre-emptive subscription rights for existing shareholders – ordinary Peugeot S.A. shares and/or securities carrying rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, subject to the ceilings described above.

In particular, the Managing Board would be authorized to increase the Company's capital by capitalizing retained earning, profits, additional paid-in capital or any other capitalisable items, with the allocation of bonus share and/or an increase in the par value of existing shares.

The securities issued under this authorisation carrying rights to shares could consist of debt securities or warrants – or be issued jointly with debt securities or warrants or allow the issue thereof as intermediate securities – or could take the form of dated or undated subordinated or unsubordinated notes.

In the event of an issue of securities carrying rights to new shares, this authorisation would automatically entail the waiver of existing shareholders' pre-emptive rights to subscribe the ordinary shares to be issued on exercise of the rights attached to said securities.

This authorisation would be given for a period of twenty-six months and would supersede the authorisation for the same purpose given in the fifteenth resolution of the Annual Shareholders' Meeting of 31 May 2011. The previous authorisation was used in March 2012 to increase the Company's capital by €999,013,088.96 by issuing 120,799,648 shares with pre-emptive subscription rights for existing shareholders.

Authorisation to issue shares and/or securities carrying rights to shares, without pre-emptive subscription rights

(Nineteenth and twentieth resolutions)

The **nineteenth and twentieth resolutions** authorise the Managing Board, to issue – without pre-emptive subscription rights for existing shareholders – ordinary Peugeot S.A. shares and/or securities carrying rights to shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital, subject to the ceilings described above.

The Managing Board believes that it is important to be able to carry out this type of issue. Cancelling shareholders' pre-emptive subscription rights not only provides greater flexibility in taking up financial market opportunities but can also prove necessary to raise capital on the best possible terms, depending on market conditions and the type of securities to be issued. Since the 22 January 2009 publication of government order 2009-80, cancelling shareholders' pre-emptive rights allows issuers to carry out private placements, i.e. to place issues with portfolio managers, qualified investors or limited groups of investors for their proprietary portfolios.

In accordance with the recommendation issued by the AMF on 6 July 2009, two resolutions are being presented to allow shareholders to vote separately on issues carried out through public offers (nineteenth resolution) and through private placements (twentieth resolution). In each case, shareholders would automatically waive their pre-emptive right to subscribe the shares or securities carrying rights to shares to be issued under the authorisation. Under the nineteenth resolution, however, the Managing Board would have the option of offering shareholders a priority subscription right during a specified period.

The securities issued under this authorisation carrying rights to shares could consist of debt securities or warrants – or be issued jointly with debt securities or warrants or allow the issue thereof as intermediate securities – or could take the form of dated or undated subordinated or unsubordinated notes.

In the event of an issue of securities carrying rights to new shares, these authorisations would automatically entail the waiver of existing shareholders' pre-emptive rights to subscribe the shares to be issued on exercise of the rights attached to said securities.

In accordance with the applicable regulations, the issue price of the shares created directly or upon conversion, redemption, exchange or exercise of securities carrying rights to shares would be at least equal to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days before the pricing date, less a discount of no more than 5%.

In addition to the ceilings set out above, as required by law, issues in any given year of equity instruments carried out through private placements pursuant to the twentieth resolution would be limited to the equivalent of 20% of the capital.

These two authorisations would be given for a period of twenty-six months and would supersede the authorisations for the same purpose given in the sixteenth and seventeenth resolutions of the Annual Shareholders' Meeting of 31 May 2011, which were not used by the Managing Board.

Authorisation to increase the number of securities included in an issue of shares and/or securities carrying rights to shares, with or without pre-emptive subscription rights

(Twenty-first resolution)

Following on from the eighteenth, nineteenth and twentieth resolutions, the purpose of the **twenty-first resolution** is to authorise the Managing Board to increase the number of shares or other securities to be issued in the event that an offer with or without pre-emptive subscription rights carried out under the eighteenth, nineteenth or twentieth resolutions is oversubscribed.

This type of authorisation – known as a greenshoe option – would allow the Managing Board to increase by up to 15% the number of securities offered in an oversubscribed issue, provided that the final amount of the issue did not result in the ceilings referred to in the eighteenth, nineteenth and twentieth resolutions being exceeded. The greenshoe option would have to be exercised within thirty days of the close of the initial offer period and the securities would have to be offered at the same price as the original issue.

This authorisation renews the authorisation given to the Managing Board for the same purpose at the Annual Shareholders' Meeting of 25 April 2012, which expires on 30 July 2013. It would be given for the same twenty-six month period as the authorisations granted in the eighteenth, nineteenth and twentieth resolutions.

If the Managing Board decided to use any of the authorisations given in the eighteenth to twenty-first resolutions to issue securities without pre-emptive rights, it would prepare an additional report describing the issue's final terms and conditions, as well as its impact on holders of shares and securities carrying rights to shares, including any dilutive impact, as required by Article R. 225-116 of the Commercial Code. This additional report and the Auditors' additional report would be made available to shareholders in compliance with the Commercial Code.

In addition, in accordance with Article R. 225-113 of the Commercial Code, shareholders are invited to read the information about the Company's business operations since the beginning of the year contained in the 2012 Registration Document, which is available to shareholders in accordance with the applicable laws and regulations. It can be downloaded from the Company's website at **www.psa-peugeot-citroen.com**.

VIII. AUTHORISATION TO ISSUE SECURITIES CARRYING RIGHTS TO DEBT SECURITIES WITHOUT GIVING RISE TO A CAPITAL INCREASE

(Twenty-second resolution)

In the **twenty-second resolution**, shareholders are invited to grant the Managing Board a twenty-six month authorisation to issue securities carrying immediate and/or deferred rights to debt securities.

The purpose of this resolution is to give the Managing Board greater flexibility for issues of debt instruments and notably to enable it to issue all forms of securities carrying rights to debt securities such as straight bonds, dated and undated subordinated notes and any other securities representing ownership of a debt obligation by the Company.

The Managing Board would in no circumstances be able to use this authorisation to issue securities carrying any form of rights to shares of the Company.

The maximum aggregate nominal amount of the securities that may be issued under this authorisation would be set at €1 billion. This ceiling would not apply to the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws.

As stipulated in the Company's bylaws, the Managing Board would be required to obtain the Supervisory Board's prior approval before carrying out any issues using this authorisation.

IX. AUTHORISATION TO CARRY OUT EMPLOYEE SHARE ISSUES

(Twenty-third resolution)

Whenever shareholders are asked to give an authorisation to issue shares or securities carrying rights to shares – as is the case in the eighteenth, nineteenth and twentieth resolutions – Article L. 225-129-6, paragraph 1, of the Commercial Code stipulates that a separate resolution must be presented authorising one or more employee share issues. This is the purpose of the **twenty-third resolution**.

Under this resolution, the Managing Board would be authorised, for a twenty-six month period, to issue up to €15 million worth of shares to employees through one or several offers (representing 4.22% of the Company's capital at 12 March 2013). The amount of these issues would be deducted from the ceiling set in the eighteenth resolution corresponding to 50% of the Company's capital.

As stipulated in the Company's bylaws, the Managing Board would be required to obtain the Supervisory Board's prior approval before carrying out any issues using this authorisation.

The shares would be offered to members of employee stock ownership plans set up by the Company or any French or foreign related entities within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3332-2 of the French Labour Code. Naturally, existing shareholders would not have a pre-emptive subscription right in relation to these issues.

In accordance with Article L. 3332-19 of the Labour Code, the shares would not be offered at a price either (i) in excess of the average of the prices quoted for the Company's shares over the twenty trading days preceding the date of the Managing Board's decision setting the opening date of the subscription period, or (ii) below this average price less the maximum discount authorised by Article L. 3332-19 of the Labour Code.

X. AUTHORISATION TO ISSUE STOCK WARRANTS WHILE A TAKEOVER BID FOR THE COMPANY IS IN PROGRESS (Twenty-fourth resolution)

The purpose of the **twenty-fourth resolution** is to renew the authorisation given to the Managing Board at the Annual Shareholders' Meeting of 25 April 2012 in the fourteenth resolution.

The resolution authorises the Managing Board to issue stock warrants to shareholders on preferential terms while a takeover bid for the Company is in progress, and to allocate the warrants to shareholders without consideration before the takeover bid expires, as provided for in Articles L. 233-32 II and L. 233-33 of the Commercial Code.

The aim of this resolution is to give the Company the means of achieving the best possible valuation of its shares in the event that the price offered under a takeover bid is considered too low, by encouraging the bidder to increase its offer price or to withdraw the offer altogether.

The use of such authorisations is strictly regulated by law and the General Regulations of the AMF. In accordance with the law, the authorisation could be used only if the initiator of the takeover bid would not itself be required to obtain shareholder approval of any takeover defences or was controlled by an entity that did not impose such a requirement.

The stock warrants would expire automatically when the takeover bid or any competing bid fails, expires or is withdrawn.

As under the resolution in force stock warrants issued under the authorisation would be exercisable for shares representing a maximum of €260 million (not including premiums), unchanged from the current authorization, and the number of warrants issued could not exceed the number of shares outstanding on the warrant issue date.

The authorisation would be valid until the expiry of any takeover bid for the Company filed within eighteen months of the date of this Meeting.

XI. AMENDMENTS TO THE COMPANY'S BYLAWS (Twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth and twenty-ninth resolutions)

Addition of an Article 10.1 to the bylaws providing for an employee shareholder representative on the Supervisory Board
(Twenty-fifth resolution)

In the **twenty-fifth resolution**, shareholders are invited to amend the Company's bylaws by adding a new Article 10.1 providing for the nomination and election of an employee shareholder representative as a member of the Supervisory Board, in accordance with Article L. 225-71 of the Commercial Code.

This amendment is required under French company law because employees held over 3% of the Company's capital at 31 December 2011 and 2012. The percentage interest in the Company held by employee shareholders (as defined in Article L. 225-102 of the Commercial Code) was 3.07% at 31 December 2011 and 3.03% at 31 December 2012.

Amendment to Article 10-I of the bylaws providing for the designation of an employee representative as a member of the Supervisory Board
(Twenty-sixth resolution)

In the **twenty-sixth resolution** shareholders are being asked to amend Article 10 of the bylaws in order to provide for the designation of an employee representative to sit on the Supervisory Board. The purpose of this resolution is to more closely involve employees in the process of defining the Group's corporate strategy, in line with the spirit of the national inter-professional agreement signed by employer and employee representatives in France in January 2013, as well as the French Employment Protection Bill (*« Projet de la loi sur la Sécurisation de l'Emploi »*).

Addition of an Article 10.2 to the bylaws providing for the election by employees of an employee representative member of the Supervisory Board
(Twenty-seventh resolution)

The **twenty-seventh resolution** has been tabled in compliance with paragraph 5 of Article L. 225-71 of the Commercial Code, which states that when shareholders are asked to approve the election of an employee shareholder representative on the Supervisory Board, they must also be offered the possibility of adopting a resolution enabling the employees of the Company and its direct or indirect subsidiaries to elect one or more employee representative members of the Supervisory Board.

The Managing Board is not recommending that this resolution be adopted in view of (i) the new legal provisions to be introduced in France in the near future concerning employee representation on corporate boards (the French Employment Protection Bill), and (ii) the proposal in the fourteenth resolution for shareholders to elect an employee representative as a member of the Supervisory Board.

Amendment to Article 7 of the bylaws related to disclosure thresholds
(Twenty-eighth resolution)

In the **twenty-eighth resolution**, shareholders are invited to update the provisions in the bylaws concerning disclosure thresholds in order to take into account the various shares and voting rights that are considered by law as being equivalent to shares or voting rights held by shareholders since the adoption of French Act 2012-387 of 22 March 2012.

The disclosure thresholds themselves are unchanged compared with the current version of the bylaws (2% for the first threshold and subsequent thresholds of 1%).

Amendment to Article 11 of the bylaws concerning electronic voting at Shareholders' Meetings
(Twenty-ninth resolution)

The purpose of the **twenty-ninth resolution** is to incorporate into Article 11 of the bylaws the possibility for the Managing Board to allow shareholders to use the Internet or other means of telecommunication to cast votes, vote by proxy or take part in Shareholders' Meetings.

XII. POWERS TO CARRY OUT LEGAL FORMALITIES
(Thirtieth resolution)

The thirtieth resolution is the standard resolution giving the necessary powers to carry out legal publication and other formalities.

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Shareholders are invited to adopt those resolutions above that the Managing Board has recommended for approval.

The Managing Board

21.4.3. TEXT OF THE PROPOSED RESOLUTIONS

I. ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended 31 December 2012

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary General Meetings, and having considered the annual financial statements, the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Report on the annual financial statements, approves the parent company financial statements for the year ended 31 December 2012 as presented, showing a net profit of €61,213,741.24, as well as the transactions reflected in those financial statements or disclosed in those reports.

SECOND RESOLUTION

Approval of the consolidated financial statements for the year ended 31 December 2012

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary General Meetings, and having considered the consolidated financial statements, the Report of the Managing Board, the Report of the Supervisory Board and the Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2012 as presented, as well as the transactions reflected in those consolidated financial statements or disclosed in those reports.

THIRD RESOLUTION

Appropriation of profit

Based on the recommendation of the Managing Board, the Annual Shareholders' Meeting resolves to appropriate the net profit for the year ended 31 December 2012 as follows:

- Net profit for the year €61,213,741.24
- Appropriated to the legal reserve €3,060,688

The remaining €58,153,053.24 shall be appropriated to retained earnings, whose balance will be increased to €2,200,509,439.02.

The Annual Shareholders' Meeting notes that no dividend was paid for 2009 and 2011 and that a dividend of €1.10 per share was paid for 2010.

FOURTH RESOLUTION

Approval of a related party agreement concerning undertakings by FFP and Etablissements Peugeot Frères to subscribe shares under the rights issue carried out by the Company in March 2012

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and having heard the Auditors' Special Report drawn up in accordance with Article L. 225-88 of the French Commercial Code on related party agreements and commitments governed by Article L. 225-86 et seq. of said Code, approves the agreement referred to in point 1.1.1. of the Auditors' Special Report.

FIFTH RESOLUTION

Approval of related party agreements entered into in connection with the Company's sale of 75% of the share capital of GEFCO

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and having heard the Auditors' Special Report drawn up in accordance with Article L. 225-88 of the Commercial Code on related party agreements and commitments governed by Article L. 225-86 et seq. of said Code, approves the agreements referred to in point 1.2.1. of the Auditors' Special Report.

SIXTH RESOLUTION

Approval of a related party agreement on setting up a cash collateral arrangement to secure payment obligations of Automobiles Peugeot, Automobiles Citroën and Peugeot Citroën Automobiles

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and having heard the Auditors' Special Report drawn up in accordance with Article L. 225-88 of the French Commercial Code on related party agreements and commitments governed by Article L. 225-86 et seq. of said Code, approves the agreement referred to in point 1.2.2. of the Auditors' Special Report.

SEVENTH RESOLUTION

Re-election of a member of the Supervisory Board (Jean-Philippe Peugeot)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, re-elects Jean-Philippe Peugeot as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

EIGHTH RESOLUTION

Re-election of a member of the Supervisory Board (Robert PEUGEOT)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, re-elects Robert Peugeot as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

NINTH RESOLUTION

Re-election of a member of the Supervisory Board (Henri Philippe REICHSTUL)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, re-elects Henri Philippe REICHSTUL as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

TENTH RESOLUTION

Re-election of a member of the Supervisory Board (Geoffroy ROUX de BÉZIEUX)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, re-elects Geoffroy ROUX de BÉZIEUX as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

ELEVENTH RESOLUTION

Election of a member of the Supervisory Board (Patricia BARBIZET)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, elects Patricia BARBIZET as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

TWELFTH RESOLUTION

Ratification of the appointment of a member of the Supervisory Board (Louis GALLOIS)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, ratifies the decision taken by the Supervisory Board on 12 February 2013 to appoint Louis GALLOIS as a member of the Supervisory Board to replace Marc Friedel, who is stepping down from his position, for the remainder of Mr Friedel's term, expiring at the close of the Annual Shareholders' Meeting to be called in 2014 to approve the financial statements for the year ending 31 December 2013.

THIRTEENTH RESOLUTION

Election of a member of the Supervisory Board representing employee shareholders (Anne VALLERON)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and subject to adoption of the twenty-fifth resolution at this Meeting, elects Anne VALLERON as a member of the Supervisory Board representing employee shareholders, for a four-year term expiring at the close of the Annual Shareholders' Meeting to be called in 2017 to approve the financial statements for the year ending 31 December 2016.

FOURTEENTH RESOLUTION

Election of an employee representative as a member of the Supervisory Board (Jean-François KONDRATIUK)

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and subject to adoption of the twenty-sixth resolution at this Meeting, elects Jean-François KONDRATIUK as a member of the Supervisory Board for a two-year term – in accordance with the Company's bylaws as amended pursuant to said twenty-sixth resolution – expiring at the close of the Annual Shareholders' Meeting to be called in 2015 to approve the financial statements for the year ending 31 December 2014.

FIFTEENTH RESOLUTION

Authorisation for the Managing Board to buy back up to 10% of the Company's shares

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary General Meetings, and having considered the Report of the Managing Board, in compliance with Articles L. 225-209 et seq. of the French Commercial Code resolves:

1. To authorise the Managing Board, with the right of delegation, to buy back – directly or through a representative – up to 22,696,271 Company shares, in one or several transactions on dates to be decided by the Managing Board, provided that this does not result in the Company holding over 10% of its capital at any time;
2. That the shares may be acquired or held in accordance with the applicable laws and regulations, for the following purposes:
   (a) for cancellation in order to reduce the Company's share capital,
   (b) for allocation on exercise of stock options granted to employees and/or officers of the Company or of any related entity and/or grouping, in accordance with the laws and regulations in force when the options are exercised,
   (c) for attribution of free shares to employees and/or officers of the Company or of any related entity or grouping, in accordance with the applicable laws and regulations
   (d) for allocation to employees who are members of an employee savings plan, in transactions complying with Articles L. 3331-1 et seq. of the French Labour Code that involve the sale of shares bought back by the Company under this resolution or that provide for the allocation of shares without consideration in respect of a matching contribution to the plan by the Company and/or in place of the discount,
   (e) for remittance of shares on exercise of rights attached to securities convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company,
   (f) to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider acting under a liquidity agreement that complies with a Code of Ethics approved by the *Autorité des Marchés Financiers,*
   (g) for delivery in a payment, exchange or contribution transaction carried out in connection with external growth operations, a merger, demerger or asset contribution, within the limits specified in the applicable regulations;
3. That the shares may be purchased, sold or transferred by any appropriate method and at any time, except when a takeover bid for the Company is in progress, within the limits specified in the applicable regulations, on or off-market, including through block trades or the use of call options and any and all other derivatives traded on a regulated market or over-the-counter;
4. That the maximum purchase price shall be set at €15 per share, subject to any adjustments decided by the Managing Board in the case of any corporate actions, including any rights issue, any bonus share issue paid up by capitalising reserves, retained

earnings or additional paid-in-capital, or any stock-split or reverse stock-split. The maximum amount that may be invested in the buyback programme is set at €340,444,065;

5. That the Managing Board shall have full powers – which may be delegated as provided for by law – to use this authorisation, including to place any and all buy and sell orders on or off-market, enter into any and all contracts, draw up any and all documents, carry out any and all procedures, make any and all filings with any authorities or other bodies, allocate or re-allocate the purchased shares to the various purposes to the extent allowed by the applicable laws and regulations, and generally do whatever is necessary to implement the decisions made by the Managing Board pursuant to this authorisation;
6. That this authorisation is given for a period of eighteen months from the date of this Meeting and supersedes, as from the date of this Meeting, the authorisation for the same purpose given in the tenth resolution of the Annual Shareholders' Meeting of 25 April 2012.

II. EXTRAORDINARY RESOLUTIONS

SIXTEENTH RESOLUTION

Authorisation for the Managing Board to reduce the Company's capital by up to 10% by cancelling acquired shares.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report:

1. Gives the Managing Board full discretionary powers, under the conditions provided for in Article 9 of the bylaws, to cancel all or some of the Peugeot S.A. shares held by the Company now or in the future, in one or several transactions, provided that the number of shares cancelled in any twenty-four month period does not exceed 10% of the Company's capital;
2. Resolves that the difference between the book value of the cancelled shares and their par value will be allocated to retained earnings, additional paid-in capital or any other reserve accounts;
3. Gives full powers to the Managing Board – which may be delegated – to reduce the Company's capital on one or several occasions by cancelling shares as provided for above, to amend the bylaws to reflect the new capital, to carry out any and all publication formalities, and to take any and all measures required to effect the capital reduction(s), directly or indirectly;
4. Resolves that this authorisation is given for a period of twenty-four months from the date of this Meeting and supersedes the authorisation for the same purpose given in the twelfth resolution of the Annual Shareholders' Meeting of 25 April 2012.

SEVENTEENTH RESOLUTION

Authorisation for the Managing Board to set up performance share plans.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, in compliance with Articles L. 225-197-1 et seq. of the French Commercial Code:

1. Authorises the Managing Board to grant existing or new ordinary shares of the Company – without consideration and subject to performance conditions – on one or several occasions, to all or selected employees and/or officers of the Company or of any related entity or economic interest grouping as defined in Article L. 225-197-2 of the Commercial Code;
2. Resolves that the total number of shares granted may not represent more than 0.85% of the Company's capital as of the date of the Managing Board's decision, not including the additional shares that may be allocated following an adjustment of the initial number of shares granted as a result of a corporate action;
3. Resolves that:
   (a) The shares shall be subject to a vesting period of at least two years set by the Managing Board,
   (b) The vested shares shall be subject to a lock-up period of at least two years starting from the vesting date as set by the Managing Board. However, the Shareholders' Meeting authorises the Managing Board to waive the lock-up period for any shares granted under this authorisation whose vesting period is set at a minimum of four years. The Managing Board may set longer vesting periods and lock-up periods than the minimum periods described above,
   (c) As an exception to the foregoing, in the case of category 2 or 3 disability of the grantee, as defined in Article L. 341-4 of the French Social Security Code, before the end of the vesting period, the shares will vest and become immediately transferable;
4. Notes that, for performance shares granted to members of the Managing Board, the Supervisory Board may decide that the shares may not be sold for as long as the grantee remains in office or may stipulate the number of shares that must be held in registered form for as long as he or she remains in office;
5. Notes that if this authorisation is used to grant new shares, it automatically entails the waiver by shareholders of (i) their pre-emptive rights to subscribe the ordinary shares to be issued as the performance shares vest, and (ii) any other rights related to any shares granted without consideration pursuant to this authorisation.;
6. Gives full powers to the Managing Board – which may be delegated as provided for by the applicable laws and regulations – to use this authorisation and accordingly to:
   - prepare the list of grantees and the number of shares granted to each one,
   - decide whether the ordinary shares to be granted without consideration will be existing or new shares,

- set the terms and conditions of the share grants, including the performance criteria to be met for the shares to vest,
- set and, if necessary, adjust the dates and terms of the performance share plans to be set up pursuant to this authorisation,
- allow for the temporary suspension of the performance share rights in accordance with the applicable laws and regulations,
- allow for any adjustments to be made during the vesting period, on the basis to be determined by the Managing Board, to protect grantees' rights following any corporation action and, in particular, determine the circumstances in which the number of shares granted will be adjusted,
- when new shares are issued as a result of this authorisation, (i) increase the Company's capital by capitalising reserves, retained earnings or additional paid-in capital, (ii) decide on the amount and types of items to be capitalised for the purpose of paying up the shares, (iii) charge, if it deems appropriate, the share issuance costs against the related premiums, (iv) deduct from the premiums the amount necessary to increase the legal reserve to 10% of the new capital after each issue, (v) place on record the capital increase(s), and (vi) amend the bylaws to reflect the new capital,
- generally, do whatever is necessary,
- This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of the authorisation for the same purpose given in the thirteenth resolution of the Annual Shareholders' Meeting of 25 April 2012.

EIGHTEENTH RESOLUTION

Authorisation for the Managing Board to issue, with pre-emptive subscription rights, ordinary shares of the Company and/or securities carrying immediate or deferred rights to shares of the Company or any of its subsidiaries, and/or to increase the Company's capital by capitalising reserves, retained earnings, additional paid-in capital or other eligible items.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, in accordance with Articles L. 225-127 to L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-130, L. 225-132 to L. 225-134, L. 228-91 et seq. and other relevant provisions of the French Commercial Code:

1. Grants the Managing Board, in accordance with Article 9 of the bylaws, full discretionary powers to, on one or more occasions and on dates and in amounts to be decided by the Board:
   (a) issue, in France or abroad, Peugeot S.A. shares and/or securities carrying immediate or deferred rights (through conversion, exchange, redemption, exercise of a warrant or any other way permitted by law) to existing or new shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital (a "Subsidiary"); and/or
   (b) increase the Company's capital by issuing bonus shares and/or raising the par value of existing shares, to be paid up by capitalising reserves, retained earnings or additional paid-in capital;
2. Resolves that no preference shares or securities carrying immediate or deferred rights to preference shares may be issued under this authorisation;
3. Resolves that the securities carrying rights to shares of the Company or a Subsidiary issued under this authorisation may (i) consist of debt securities or warrants, or may be issued jointly with debt securities or warrants, or else allow the issue thereof as intermediate securities, (ii) take the form of dated or undated subordinated or unsubordinated notes, and (iii) be denominated in euros, in foreign currency or in a monetary unit determined by reference to a basket of currencies;
4. Resolves that the aggregate nominal amount of any capital increases carried out in accordance with this authorisation – immediately and/or on exercise of rights to shares – may not exceed €177,424,496, it being specified that this ceiling:
   (a) is a blanket ceiling applicable to all capital increases that may be carried out pursuant to this authorisation as well as the authorisations given in the nineteenth, twentieth, twenty-first and twenty-third resolutions; and
   (b) shall not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations and any contractual provisions to protect the rights of existing holders of securities or other rights convertible, redeemable or otherwise exercisable for the Company's shares;
5. Resolves that the aggregate nominal amount of debt securities that may be issued under this authorisation and which carry rights to shares of the Company or a Subsidiary may not exceed €1,500,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies), it being specified that this ceiling:
   (a) is a blanket ceiling applicable to all issues of debt securities that may be carried out pursuant to this authorisation as well as the authorisations given in the nineteenth, twentieth and twenty-first resolutions; and
   (b) shall not apply to either (i) the amount of any debt securities carrying rights to debt securities that may be issued under the authorisation granted in the twenty-second resolution, or (ii) the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws;
6. Resolves that if and when the Managing Board uses the authorisation given in paragraph 1 (a) of this resolution to issue shares of the Company or other securities:
   (a) Existing shareholders shall be granted pre-emptive rights to subscribe the shares and/or other securities issued, in proportion to their existing interest in the Company's capital,
   (b) The Managing Board may grant shareholders additional pre-emptive rights to subscribe any shares and/or other securities not taken up by other shareholders, in which case such additional pre-emptive rights will also be exercisable in proportion to the existing interest in the Company's capital of the shareholders concerned,

(c) In accordance with Article L. 225-134 of the Commercial Code, if an issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Managing Board may take one or more of the following courses of action, in the order of its choice: (i) freely allocate all of some of the unsubscribed securities among the investors of its choice, (ii) offer the unsubscribed securities for subscription by the public and/or (iii) limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up,

(d) If warrants to subscribe the Company's shares are issued they may be offered for subscription in cash on the above basis or allocated among holders of existing shares without consideration. In the latter case, the Managing Board shall be authorised to decide that rights to fractions of securities will be non-transferrable and non-tradable and that the corresponding securities will be sold,

(e) In the event of an issue of securities carrying rights to new shares of the Company, this authorisation automatically entails the waiver of existing shareholders' pre-emptive rights to subscribe the shares to be issued on exercise of the rights attached to said securities,

7. Resolves that if the Managing Board uses the authorisation given in paragraph 1 (b) of this resolution to increase the Company's capital by capitalising reserves, retained earnings, additional paid-in capital or other eligible items, any rights to fractions of shares shall be non-transferable and non-tradable and the corresponding shares shall be sold, with the sale proceeds allocated among the rights holders, within 30 days of the date when the whole number of shares allotted to them is recorded in their securities account;

8. Gives the Managing Board full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:

(a) Decide to carry out an issue and, where necessary, postpone it,

(b) Determine the amounts, characteristics and other terms and conditions of any issues carried out, including the type of securities to be issued, the issue price (either with or without a premium), the cum-rights date (which may be retroactive), the method by which the securities will be paid up, the terms of allocation of any stock warrants as well as their life and exercise conditions, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary. The Managing Board may amend any of these terms and conditions during the life of the securities concerned, subject to compliance with the applicable legal formalities,

(c) In the case of an issue of debt securities, determine whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L. 228-97 of the Commercial Code and set the life of the securities (i.e. dated or undated), the terms and conditions of the interest payments, and all other terms and conditions of the issue, including any collateral or other form of guarantee, and any repayment terms (such as repayment in assets of the Company),

(d) Determine – in accordance with the applicable laws and regulations – the terms and conditions under which the Company may buy back or exchange the issued shares and/or securities carrying rights to shares (on or off-market) with a view to holding them or cancelling them, and decide, if it deems appropriate, to suspend the exercise of the rights attached to any securities,

(e) Make any and all adjustments required to comply with the applicable laws, regulations and any contractual provisions, and determine the method to be used to ensure the protection of the rights of existing holders of securities or other rights exercisable for the Company's shares,

(f) Charge, if it deems appropriate, the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level,

(g) Place on record the capital increase(s) and amend the bylaws to reflect the new capital,

(h) Generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorisation and for the exercise of any related rights;

This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of the authorisation for the same purpose given in the fifteenth resolution of the Annual Shareholders' Meeting of 31 May 2011.

NINETEENTH RESOLUTION

Authorisation for the Managing Board to issue, through a public offer and without pre-emptive subscription rights, shares and/or securities carrying immediate or deferred rights to shares of the Company or any of its subsidiaries.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, in accordance with Articles L. 225-127 to L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136, L. 225-148 and L. 228-92 et seq. and other relevant provisions of the French Commercial Code:

1. Authorises the Managing Board, in accordance with Article 9 of the bylaws, to issue, on one or more occasions, through a public offer and without pre-emptive subscription rights for existing shareholders, Peugeot S.A. shares and/or securities carrying immediate or deferred rights (through conversion, exchange, redemption, exercise of a warrant or any other way permitted by law) to existing or new shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital (a "Subsidiary"). The Managing Board shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad. The securities may be issued as payment for securities complying with Article L. 225-148 of the Commercial Code that are tendered to a public offer with a stock component, carried out in France or abroad, in accordance with the applicable local laws and regulations;
2. Resolves that no preference shares or securities carrying immediate or deferred rights to preference shares may be issued under this authorisation;
3. Resolves that the securities carrying rights to shares of the Company or a Subsidiary issued under this authorisation may (i) consist of debt securities or warrants, or may be issued jointly with debt securities or warrants, or else allow the issue thereof as intermediate securities, (ii) take the form of dated or undated subordinated or unsubordinated notes, and (iii) be denominated in euros, in foreign currency or in a monetary unit determined by reference to a basket of currencies;
4. Notes that the public offer(s) undertaken in accordance with this authorisation may be carried out jointly or simultaneously with one or more private placements governed by Article L. 411-2 II of the French Monetary and Financial Code as provided for in the nineteenth resolution;
5. Resolves that the aggregate nominal amount of any capital increases carried out in accordance with this authorisation – immediately and/or on exercise of rights to shares – may not exceed €70,969,799, it being specified that:
   (a) this ceiling is a blanket ceiling applicable to all capital increases without pre-emptive subscription rights that may be carried out pursuant to this authorisation as well as the authorisations given in the twentieth and twenty-first resolutions,
   (b) separately to this ceiling, the aggregate nominal amount of all the capital increases that may be carried out pursuant to this authorisation as well as the authorisations given in the eighteenth twentieth and twenty-first resolutions may not exceed the blanket ceiling set in paragraph 4 of the seventeenth resolution; and
   (c) the ceilings referred to in the above paragraphs shall not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations and any contractual provisions to protect the rights of existing holders of securities or other rights convertible, redeemable or otherwise exercisable for the Company's shares;
6. Resolves that the aggregate nominal amount of debt securities that may be issued under this authorisation and which carry rights to shares of the Company or a Subsidiary may not exceed €600,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies), it being specified that:
   (a) this ceiling is a blanket ceiling applicable to all issues of debt securities without pre-emptive subscription rights that may be carried out pursuant to this authorisation as well as the authorisations given in the nineteenth and twentieth resolutions,
   (b) separately to this ceiling, the aggregate nominal amount of all issues of debt securities that may be carried out pursuant to this authorisation as well as the authorisations given in the eighteenth, twentieth and twenty-first resolutions may not exceed the blanket ceiling set in paragraph 5 of the eighteenth resolution; and
   (c) the ceilings referred to in the above paragraphs shall not apply to either (i) the amount of any debt securities carrying rights to debt securities that may be issued under the authorisation granted in the twenty-second resolution, or (ii) the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws;
7. Resolves to waive shareholders' pre-emptive rights to subscribe the shares or other securities to be issued under this authorisation. However, if it deems appropriate, the Managing Board may offer shareholders a priority right to subscribe all or part of any issue, for a specified period and subject to terms and conditions to be set by the Managing Board in accordance with the applicable laws and regulations. The securities offered for subscription under this priority right will be allocated in proportion to shareholders' existing interests in the Company's capital. If certain shareholders elect not to exercise this right, the Managing Board may offer the unsubscribed securities to the other shareholders, again in proportion to their existing interests.

8. Resolves, in accordance with Article L. 225-134 of the Commercial Code, that if an issue is not taken up in full (including by shareholders exercising their above-mentioned priority rights), the Managing Board may take one and/or the other of the following courses of action, in the order of its choice: (i) freely allocate all of some of the unsubscribed securities among the investors of its choice and/or (ii) limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up;
9. Notes that in the event of an issue of securities carrying rights to new shares of the Company, this authorisation automatically entails the waiver of existing shareholders' pre-emptive rights to subscribe the shares to be issued on the exercise of the rights attached to said securities;
10. Resolves that:
   (a) the issue price of shares issued directly under this authorisation will be at least equal to the minimum price provided for in the regulations in force on the date the issue is decided (currently corresponding to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days preceding the pricing date, less a discount of no more than 5%, in accordance with Articles L. 225-136-1°, paragraph 1, and R.225-119 of the Commercial Code); and
   (b) the issue price of securities carrying rights to shares of the Company will be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined in the above paragraph;
11. Gives the Managing Board full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:
   (a) Decide to carry out an issue and, where necessary, postpone it,
   (b) Determine the amounts, characteristics and other terms and conditions of any issues carried out, including the type of securities to be issued, the issue price (either with or without a premium), the cum-rights date (which may be retroactive), the method by which the securities will be paid up, the terms of allocation of any stock warrants as well as their life and exercise conditions, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary. The Managing Board may amend any of these terms and conditions during the life of the securities concerned, subject to compliance with the applicable legal formalities,
   (c) In the case of an issue of debt securities, determine whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L. 228-97 of the Commercial Code and set the life of the securities (i.e. dated or undated), the terms and conditions of the interest payments, and all other terms and conditions of the issue, including any collateral or other form of guarantee, and any repayment terms (such as repayment in assets of the Company),
   (d) Determine – in accordance with the applicable laws and regulations – the terms and conditions under which the Company may buy back or exchange the issued shares and/or securities carrying rights to shares (on or off-market) with a view to holding them or cancelling them, and decide, if it deems appropriate, to suspend the exercise of the rights attached to any securities,
   (e) Make any and all adjustments required to comply with the applicable laws, regulations and any contractual provisions, and determine the method to be used to ensure the protection of the rights of existing holders of securities or other rights exercisable for the Company's shares,
   (f) In the case of securities issued in connection with a public offer with a stock component – i.e. a stock-for-stock offer, with or without a cash alternative, a stock-for-cash offer, with or without a stock alternative, or any other form of public offer that complies with the applicable laws and regulations at the date of said offer – prepare the list of securities tendered for exchange and set the terms and conditions of issue, the exchange ratio and any balance to be paid in cash, without applying the pricing method described in paragraph 10 of this resolution,
   (g) Charge, if it deems appropriate, the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level,
   (h) Place on record the capital increase(s) and amend the bylaws to reflect the new capital,
   (i) Generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorisation and for the exercise of any related rights;

This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of the authorisation for the same purpose given in the sixteenth resolution of the Annual Shareholders' Meeting of 31 May 2011.

TWENTIETH RESOLUTION

Authorisation for the Managing Board to issue shares and/or securities carrying immediate or deferred rights to shares of the Company or any of its subsidiaries, without pre-emptive subscription rights, through a private placement governed by Article L. 411-2 II of the French Monetary and Financial Code.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, in accordance with Articles L. 225-127 to L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-135, L. 225-136 and L. 228-92 et seq. and other relevant provisions of the French Commercial Code:

1. Authorises the Managing Board, in accordance with Article 9 of the bylaws, to issue on one or more occasions – through a private placement governed by Article L. 411-2 II of the Monetary and Financial Code and without pre-emptive subscription rights for existing shareholders – Peugeot S.A. shares and/or securities carrying immediate or deferred rights (through conversion, exchange, redemption, exercise of a warrant or any other way permitted by law) to existing or new shares of the Company or of any entity in which the Company directly or indirectly holds over half of the capital (a "Subsidiary"). The Managing Board shall have full discretionary powers to determine the amount and timing of said issues, which may be carried out in France or abroad;
2. Resolves that no preference shares or securities carrying immediate or deferred rights to preference shares may be issued under this authorisation;
3. Resolves that the securities carrying rights to shares of the Company or a Subsidiary issued under this authorisation may (i) consist of debt securities or warrants, or may be issued jointly with debt securities or warrants, or else allow the issue thereof as intermediate securities, (ii) take the form of dated or undated subordinated or unsubordinated notes, and (iii) be denominated in euros, in foreign currency or in a monetary unit determined by reference to a basket of currencies;
4. Notes that the private placement(s) governed by Article L. 411-2 II of the Monetary and Financial Code undertaken in accordance with this authorisation may be carried out jointly or simultaneously with one or more public offers decided on pursuant to the nineteenth resolution;
5. Resolves that the aggregate nominal amount of any capital increases carried out in accordance with this authorisation – immediately and/or on exercise of rights to shares –may not exceed €70,969,799, it being specified that:
   (a) the above ceiling is included in the ceiling set in paragraph 5 of the nineteenth resolution,
   (b) separately to this ceiling, the aggregate nominal amount of all the capital increases that may be carried out pursuant to this authorisation as well as the authorisations given in the eighteenth, nineteenth and twenty-first resolutions may not exceed the blanket ceiling set in paragraph 4 of the eighteenth resolution,
   (c) in all circumstances, and separately to the ceilings referred to in the above two paragraphs, the aggregate par value of shares issued under this resolution may not exceed the ceiling provided for in the regulations in force as at the date on which the Managing Board decides to use this authorisation (currently set at 20% of the Company's capital per year); and
   (d) the ceilings referred to in the above paragraphs shall not include the par value of any additional shares to be issued pursuant to the applicable laws, regulations and any contractual provisions to protect the rights of existing holders of securities or other rights convertible, redeemable or otherwise exercisable for the Company's shares:
6. Resolves that the aggregate nominal amount of debt securities that may be issued under this authorisation and which carry rights to shares of the Company or a Subsidiary may not exceed €600,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies), it being specified that:
   (a) the above ceiling is included in the ceiling set in paragraph 6 of the nineteenth resolution,
   (b) separately to this ceiling, the aggregate nominal amount of all issues of debt securities that may be carried out pursuant to this authorisation as well as the authorisations given in the eighteenth, nineteenth and twenty-first resolutions may not exceed the blanket ceiling set in paragraph 5 of the eighteenth resolution; and
   (c) the ceilings referred to in the above paragraphs shall not apply to either (i) the amount of any debt securities carrying rights to debt securities that may be issued under the authorisation granted in the twenty-second resolution, or (ii) the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws;
7. Resolves to waive shareholders' pre-emptive rights to subscribe the shares or other securities to be issued under this authorisation;
8. Resolves, in accordance with Article L. 225-134 of the Commercial Code, that if an issue is not taken up in full, the Managing Board may take one and/or the other of the following courses of action, in the order of its choice: (i) freely allocate all of some of the unsubscribed securities among the investors of its choice and/or (ii) limit the amount of the issue to the subscriptions received provided that at least three-quarters of the issue is taken up;
9. Notes that in the event of an issue of securities carrying rights to new shares of the Company, this authorisation automatically entails the waiver of existing shareholders' pre-emptive rights to subscribe the shares to be issued on the exercise of the rights attached to said securities;

10. Resolves that:
   (a) the issue price of shares issued directly under this authorisation will be at least equal to the minimum price provided for in the regulations in force on the date the issue is decided (currently corresponding to the weighted average of the prices quoted for the Company's shares on NYSE Euronext Paris over the three trading days preceding the pricing date, less a discount of no more than 5%, in accordance with Articles L. 225-136-1°, paragraph 1, and R.225-119 of the Commercial Code); and
   (b) the issue price of securities carrying rights to shares of the Company will be set in such a way that the amount received by the Company at the time of issue plus the amount to be received on exercise of the rights attached to the issued securities is at least equal to the minimum issue price defined in the above paragraph;
11. Gives the Managing Board full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:
   (a) Decide to carry out an issue and, where necessary, postpone it,
   (b) Determine the amounts, characteristics and other terms and conditions of any issues carried out, including the type of securities to be issued, the issue price (either with or without a premium), the cum-rights date (which may be retroactive), the method by which the securities will be paid up, the terms of allocation of any stock warrants as well as their life and exercise conditions, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary. The Managing Board may amend any of these terms and conditions during the life of the securities concerned, subject to compliance with the applicable legal formalities,
   (c) In the case of an issue of debt securities, determine whether the debt should be subordinated or unsubordinated and the ranking of any subordinated debt in accordance with Article L. 228-97 of the Commercial Code and set the life of the securities (i.e. dated or undated), the terms and conditions of the interest payments, and all other terms and conditions of the issue, including any collateral or other form of guarantee, and any repayment terms (such as repayment in assets of the Company),
   (d) Determine – in accordance with the applicable laws and regulations – the terms and conditions under which the Company may buy back or exchange the issued shares and/or securities carrying rights to shares (on or off-market) with a view to holding them or cancelling them, and decide, if it deems appropriate, to suspend the exercise of the rights attached to any securities,
   (e) Make any and all adjustments required to comply with the applicable laws, regulations and any contractual provisions, and determine the method to be used to ensure the protection of the rights of existing holders of securities or other rights exercisable for the Company's shares,
   (f) Charge, if it deems appropriate, the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level,
   (g) Place on record the capital increase(s) and amend the bylaws to reflect the new capital,
   (h) Generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorisation and for the exercise of any related rights;

This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the unused portion of the authorisation for the same purpose given in the seventeenth resolution of the Annual Shareholders' Meeting of 31 May 2011.

TWENTY-FIRST RESOLUTION

Authorisation for the Managing Board to increase the number of securities included in an issue of shares and/or securities carrying rights to shares of the Company or any of its subsidiaries, with or without pre-emptive subscription rights.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, in accordance with Article L. 225-135-1 of the French Commercial Code, authorises the Managing Board to increase the number of securities included in any issue carried out in accordance with the eighteenth, nineteenth or twentieth resolutions. Said additional securities shall be issued at the same price as for the original issue in accordance with the conditions and ceilings specified in the regulations applicable on the original issue date (currently the additional securities must be issued within thirty days of the close of the original subscription period and may not represent more than 15% of the original issue amount). Any such additional issues shall also be subject to the ceiling(s) set in the resolution under which the original issue was authorised.

This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the authorisation for the same purpose given in the eighteenth resolution of the Annual Shareholders' Meeting of 31 May 2011.

TWENTY-SECOND RESOLUTION

Authorisation for the Managing Board to issue securities carrying rights to debt securities without giving rise to a capital increase.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, resolves in accordance with Articles L. 228-91 et seq. and other relevant provisions of the French Commercial Code:

1. To authorise the Managing Board, in accordance with Article 9 of the bylaws, to issue, on one or more occasions, securities carrying immediate and/or deferred rights to any type of debt securities, including bonds, dated and undated subordinated notes and any other securities representing ownership of a debt obligation by the Company. The Managing Board shall have full discretionary

powers to determine the amount and timing of such issues, which may be carried out in France or abroad and may be denominated in euros, in a foreign currency or in a monetary unit determined by reference to a basket of currencies;

2. That the aggregate nominal amount of securities carrying rights to debt securities that may be issued under this authorisation may not exceed €1,000,000,000 (or the euro equivalent of this amount at the date on which the issue is decided in the case of issues denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies), it being specified that this ceiling (i) shall not include any above-par redemption premium and (ii) shall not apply to the amount of any debt securities whose issue may be decided or authorised by the Managing Board in accordance with Article L. 228-40 of the Commercial Code and the Company's bylaws;
3. That the Managing Board shall have full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:
   (a) Decide to carry out an issue and, where necessary, postpone it,
   (b) Determine the amounts and terms and conditions of the issue(s), including (i) the form and characteristics of the securities and debt securities concerned, notably the interest rate (i.e. fixed or floating) and any above-par redemption premium (fixed or variable), (ii) the terms and conditions for redemption and/or early redemption of the securities to be issued as well as of the debt securities to which the securities carry rights, which may include a fixed or variable premium, and (iii) the conditions under which the Company may buy back the securities. The Board may amend any of the above terms and conditions during the life of the securities concerned as well as during the life of the debt securities to which the securities carry rights, subject to compliance with the applicable legal formalities,
   (c) Generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, listing and service of the securities issued pursuant to this authorisation and for the exercise of any related rights;

This authorisation is given for a period of twenty-six months from the date of this Meeting.

TWENTY-THIRD RESOLUTION

Authorisation for the Managing Board to carry out employee share issue(s) without pre-emptive subscription rights.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report, resolves, in accordance with Articles L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and Article L. 3332-1 of the French Labour Code:

1. To authorise the Managing Board to increase the Company's capital on one or several occasions, in accordance with Article 9 of the bylaws and Articles L. 3332-18 to L. 3332-20 of the Labour Code, by issuing ordinary shares to members of employee stock ownership plans set up by the Company or any French or foreign related entities within the meaning of Article L. 225-180 of the Commercial Code and Article L. 3344-1 of the Labour Code;
2. That no preference shares may be issued under this authorisation;
3. That the aggregate par value of shares issued under this authorisation may not exceed €15,000,000 and will be deducted from the ceiling on capital increases set in paragraph 4 of the eighteenth resolution;
4. That shareholders shall not have pre-emptive rights to subscribe the shares issued under this authorisation;
5. That the Managing Board shall have full powers – which may be delegated in accordance with the applicable law and regulations – to use this authorisation and notably to:
   (i) determine the amount of any such share issue(s) within the above limit, as well as their timing and other terms and conditions,
   (ii) determine the issue price of the new shares in accordance with Articles L. 3332-18 to L. 3332-20 of the Labour Code, the method by which they shall be paid up, the subscription period and the methods by which employees' subscription rights shall be exercised,
   (iii) charge any and all costs and fees related to the issue(s) to the corresponding premiums and deduct from the premiums the amount required to raise the legal reserve to one-tenth of the new capital after each issue,
   (iv) make any and all adjustments required under the applicable laws and regulations,
   (v) reallocate any shares not taken up by one or more beneficiaries,
   (vi) place on record the capital increase(s), amend the bylaws to reflect the new capital, carry out all necessary formalities, directly or through a representative, and generally do whatever is required;

This authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes the authorisation given for the same purpose in the nineteenth resolution of the Annual Shareholders' Meeting of 31 May 2011.

TWENTY-FOURTH RESOLUTION

Authorisation for the Managing Board to issue stock warrants while a takeover bid for the Company is in progress.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary General Meetings, and having considered the Report of the Managing Board and the Auditors' Special Report:

1. Authorises, in accordance with Articles L. 233-32 II and L. 233-33 of the French Commercial Code, the Managing Board to issue, on one or more occasions while a takeover bid for the Company is in progress, stock warrants exercisable on preferred terms for one or several Peugeot S.A. shares and to allocate these warrants without consideration to all shareholders of record in the period before the takeover bid expires. The number of warrants issued and the timing of the issues shall be determined at the Managing Board's discretion;
2. Resolves that (i) the aggregate par value of the shares to be issued on exercise of the warrants may not exceed €260,000,000, not including the par value of any additional shares to be issued in respect of any adjustments to be made in accordance with the applicable laws, regulations and any contractual provisions to protect the rights of warrant holders, and (ii) the number of warrants issued under this authorisation may not exceed the number of shares outstanding on the warrant issue date;
3. Notes that the warrants issued under this authorisation will not be exercisable and will automatically expire if the takeover bid and any competing bid fails, expires or is withdrawn; and resolves that in this case, this authorisation will be considered as not having been used such that the expired warrants will not be taken into account in the calculation of the maximum number of warrants specified in point 2 above that may be issued at a future date pursuant to this authorisation;
4. Notes that this authorisation automatically entails the waiver by shareholders of their pre-emptive rights to subscribe any shares to be issued on exercise of the stock warrants;
5. Gives full powers to the Managing Board to use this authorisation, and notably to:
   - set the terms of issue and allocation, without consideration, of the stock warrants and the number of warrants to be issued;,
   - decide to postpone or cancel the issue,
   - set the terms of exercise of the stock warrants, relative to the terms of the takeover bid or any competing bid, as well as the warrants' other characteristics including their exercise price or the pricing method,
   - set the method by which the rights of warrant holders will be protected in accordance with the applicable laws and regulations or any contractual provisions,
   - set the terms and conditions of any capital increase resulting from the exercise of the warrants as well as the cum rights date of the new shares and, if considered appropriate, charge the fees, costs and expenses arising from the capital increase against the related premium and deduct from the premium the amount necessary to raise the legal reserve to one-tenth of the new capital after each capital increase,
   - place on record the capital increase(s) resulting from the exercise of the warrants, amend the bylaws to reflect the new capital, make all filings and carry out all other formalities, directly or through a representative, and generally do whatever is necessary;
6. Resolves that this authorisation shall be valid until the expiry of any takeover bid for the Company filed within eighteen months of the date of this Meeting and supersedes, as from the date of this Meeting, the authorisation for the same purpose given in the fourteenth resolution of the Annual Shareholders' Meeting of 25 April 2012.

TWENTY-FIFTH RESOLUTION

Amendment to Article 10 of the bylaws to provide for the nomination of an employee shareholder representative as a member of the Supervisory Board, in accordance with Article L. 225-71 of the French Commercial Code.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board, resolves to add a paragraph to Article 10 of the Company's bylaws ("Supervisory Board (Conseil de Surveillance)"). This additional paragraph shall be numbered 10.1 and shall read as follows:

"*10.1) Supervisory Board member representing employee shareholders*

(i) *If, at the end of a given financial year, the ownership interest held (as determined in accordance with Article L. 225-102 of the French Commercial Code) by employees of the Company and of related entities within the meaning of ArticleL. 225-180 of said Code represents over 3% of the Company's capital, a Supervisory Board member representing employee shareholders shall be elected by the Ordinary General Meeting in accordance with the applicable regulations and these bylaws. Nominations for this employee shareholder representative shall be put forward by the supervisory boards of the corporate mutual funds (FCPEs) that hold shares in the Company on behalf of employees and are governed by Article L. 214-40 of the French Monetary and Financial Code.*

(ii) *The candidate(s) nominated for election as the Supervisory Board member representing employee shareholders shall be selected as follows:*

a) *All of the FCPE supervisory boards shall hold a special meeting and shall jointly nominate at least one and no more than three candidates for the position. Said candidate(s) shall be selected from among the members of the FCPE supervisory boards who represent employees holding FCPE units and who have put forward their candidature.*

b) *At the above-mentioned special meeting, each member of the FCPE supervisory boards shall have one vote in the voting process for each declared candidate. The candidate(s) who receive(s) the largest number of votes cast – subject to a maximum of three candidates – shall be put forward at the Annual Shareholders' Meeting for election as the Supervisory Board member representing employee shareholders, provided that they receive at least the majority of the votes cast by the FCPE supervisory board members present or represented at the special meeting or casting a postal or electronic vote.*

c) *If two declared candidates receive the same number of votes, and if putting both candidates forward for election would result in the maximum number of three nominations referred to in paragraph b) of point (ii) above being exceeded, the candidate with the longest seniority within the Group shall be nominated for election to the Supervisory Board, determined based on the signature date of their employment contract with the Company or with a related entity within the meaning of Article L. 225-180 of the Commercial Code.*

(iii) *Prior to the nomination of candidates for the position as Supervisory Board member representing employee shareholders, the Chairman of the Managing Board – or a duly authorised representative – shall prepare a set of Candidate Nomination Regulations (the "Regulations"), which shall describe the timing and organisational framework for the nomination procedure described in point (ii) above.*

The Regulations shall be communicated to the members of the FCPE supervisory boards by any method – including, but not limited to, display in a public place and/or electronic communication – prior to the date on which the meeting of the FCPE supervisory boards is held in accordance with the procedure described in point (ii) above.

(iv) *The Supervisory Board member representing employee shareholders shall be elected by the Company's shareholders in an Ordinary General Meeting in accordance with the conditions applicable to all elections of Supervisory Board members. If more than one nomination is put forward in accordance with the provisions set out in point (ii) above, the Managing Board shall present the nominees in separate resolutions and may recommend that shareholders approve one of said resolutions. The nominee who receives the largest number of shareholder votes shall be elected as the member of the Company's Supervisory Board representing employee shareholders.*

Said Supervisory Board member shall not be taken into account for the purpose of the ceiling on the number of Supervisory Board members set in paragraph I of Article 10 of these bylaws.

(v) The duration of the term of office of the Supervisory Board member representing employee shareholders shall be the same as for other Supervisory Board members, as set in paragraph I of Article 10 of these bylaws. However, his or her term shall be automatically and immediately terminated if he or she ceases to be (i) an employee of the Company or of a related entity within the meaning of Article L. 225-180 of the Commercial Code, (ii) a member of an FCPE supervisory board, or (iii) an FCPE unit holder.

If the seat of the Supervisory Board member representing employee shareholders falls vacant, a special meeting of all of the FCPE supervisory boards shall be held to select the nominees for his or her replacement, in accordance with the conditions set out in this Article 10.1 of the bylaws.

If the nomination(s) for the vacant seat is/are made at least three months before the next scheduled Ordinary General Meeting, the election of said replacement shall be put to the vote at that Meeting.

If the nomination(s) for the vacant seat is/are made less than three months before the next scheduled Ordinary General Meeting, the election of said replacement shall be put to the vote at the following Ordinary General Meeting. However, if only one nominee for the replacement is selected by the FCPE supervisory boards, and if it is possible to fill the vacant seat by the Supervisory Board appointing a member and the shareholders subsequently ratifying the appointment, then the Supervisory Board may appoint said nominee subject to ratification at the next Ordinary General Meeting.

For the period during which the seat of the Supervisory Board member representing employee shareholders is vacant, the Supervisory Board may hold meetings that will be deemed to be validly constituted.

The provisions of paragraph II of Article 10 of the bylaws concerning the number of shares that each Supervisory Board member is required to hold throughout their term of office shall not apply to the Supervisory Board member representing employee shareholders.

The term of office of said member shall be governed by all of the provisions of the Company's bylaws as well as the laws and regulations applicable to all Supervisory Board members, subject to the specific provisions of this Article 10.1 of the bylaws.

(vi) *The provisions of this Article 10.1 shall cease to apply if, at the end of a given financial year, the ownership interest held (as determined in accordance with Article L. 225-102 of the Commercial Code) by employees of the Company and of related entities within the meaning of Article L. 225-180 of said Code represents less than 3% of the Company's capital. In such a case, the Supervisory Board member representing employee shareholders shall remain in office until the expiry of his or her current term."*

TWENTY-SIXTH RESOLUTION

Amendment to Article 10 of the bylaws to provide for the nomination of an employee representative as a member of the Supervisory Board.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board, resolves to insert the following wording after the first paragraph of Article 10 of the Company's bylaws ("Supervisory Board (Conseil de Surveillance)"):

"One member of the Company's Supervisory Board shall be an employee of the Company or of a related entity within the meaning of Article L. 225-180 of the French Commercial Code, elected by shareholders in a General Meeting as an employee representative on the Supervisory Board.

Subject to the specific provisions below, the term of office of this employee representative on the Supervisory Board shall be governed by all of the provisions of the Company's bylaws as well as the laws and regulations applicable to all Supervisory Board members.

The employee representative on the Supervisory Board shall be elected for a two-year term but said term shall automatically expire if he or she ceases to be an employee of the Company or a related entity within the meaning of Article 225-180 of the Commercial Code."

TWENTY-SEVENTH RESOLUTION

Amendment to Article 10 of the bylaws for the purpose of enabling employees to elect an employee representative member of the Supervisory Board, in accordance with Articles L. 225-79 et seq. of the French Commercial Code.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board, resolves to add a paragraph to Article 10 of the Company's bylaws ("Supervisory Board (Conseil de Surveillance)"). This additional paragraph shall be numbered 10.2 and shall read as follows:

"In accordance with Articles L. 225-79 et seq. of the Commercial Code, one member of the Company's Supervisory Board shall be elected by employees of the Company and of its direct and indirect subsidiaries whose registered offices are located in France.

The election of this employee representative member shall be conducted in accordance with the terms and conditions set down by the Commercial Code and by these bylaws.

The duration of said member's term of office shall be the same as for the other Supervisory Board members, as provided for in these bylaws. However, in accordance with Article L. 225-32 of the Commercial Code, his or her term shall automatically be terminated if his or her employment contract is terminated.

The election procedure for this seat on the Supervisory Board shall consist of a two-round majority voting process. Eligible electors shall be employees of the Company and its subsidiaries who meet the conditions required under the Commercial Code. Each candidature for the election must include not only the name of the candidate but also that of a substitute to replace the elected member in the event of absence.

In order to be elected, a candidate must receive an absolute majority of the votes cast in the first round or a relative majority in the second round.

The election shall be organised in such a way that the second round takes place no later than one month before the scheduled expiry date of the term of the outgoing Supervisory Board member.

The Chairman of the Managing Board shall prepare a set of Election Regulations (the "Regulations"), which shall describe the timing and organisational framework of the voting process and shall be communicated to employees at least two months before the start of the voting period.

The voting process shall be held over a single day at the employees' place of work and during their working hours.

Each polling station shall be overseen by three polling officers – corresponding to three voters in the election – with the oldest of the three holding the position of chairman. The polling officers shall be responsible for ensuring that the voting process is properly conducted.

Votes shall be counted at each polling station after the close of voting, in the presence of the polling officers and any elector who may wish to attend the vote counting process. After the count has been completed a report shall be prepared for each polling station, which must be signed by the polling officers. These reports shall be sent to the Company's head office, where a central results office will be set up, which will issue a summary report and announce the results of the election. The central results office shall have three officers, corresponding to three voters in the election.

Any terms and conditions of the election that are not provided for in the Commercial Code or these bylaws shall be set out in the Regulations.

The employee representative Supervisory Board member shall not be taken into account for the purpose of the ceiling on the number of Supervisory Board members set in Article L. 225-69 of the Commercial Code."

TWENTY-EIGHTH RESOLUTION

Amendment to Article 7 of the bylaws related to disclosure thresholds

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board, resolves to amend Article 7 of the Company's bylaws as follows:

(former wording)	(new wording)
Article 7 **Form of Shares**	**Article 7** **Form of Shares**
The shares may be held in registered or bearer form, according to the shareholders' choice.	(unchanged)
The Company is entitled, under the applicable laws and regulations, to request information on the identity of the holders of securities granting immediate or future voting rights at its Shareholders' Meetings and the number of voting rights held.	(unchanged)
In addition to the statutory disclosure thresholds, any individual or corporate shareholder that acquires or increases its direct or indirect interest in the Company's capital to more than 2%, or any multiple of 1% of the capital in excess of 2%, is required to disclose the total number of shares held. Said disclosure must be made within five full days of the date when the shares in excess of the relevant disclosure threshold are recorded in the shareholder's account.	In addition to the disclosure thresholds provided for in the applicable laws and regulations, any individual or corporate shareholder, acting alone and/or in concert, that becomes the owner, directly or indirectly, in any way, as defined in Article L. 233-7 et. seq. of the Commercial Code, of a number of shares representing 2% or more of the Company's capital or voting rights is required to notify the Company in writing. Said disclosure must be made within four (4) trading days of the date on which the threshold is crossed and must state the total number of shares and voting rights in the shareholder's possession on the date of the disclosure.
This requirement continues to apply to shareholders whose interest is in excess of the first statutory disclosure threshold of 5%.	Once a shareholder's interest exceeds the above-mentioned 2% threshold, said shareholder must notify the Company each time an additional threshold of 1% of the capital or voting rights is crossed, even when such notification is not required under the disclosure obligations provided for in the applicable laws and regulations. The same timing and conditions shall apply as for the disclosure requirements described above.
	For the purpose of applying the requirements in the above paragraphs, the shares or voting rights referred to in Article L.233-9-I of the Commercial Code shall be considered as being equivalent to the shares or voting rights held by the shareholder.
At the request of one or more shareholders together holding at least 5% of the Company's capital, any undisclosed shares in excess of any of the above disclosure thresholds will be stripped of voting rights for a period of two years from the date at which the omission is remedied.	In the event that these disclosure requirements are not respected, if at a Shareholders' Meeting one or several shareholders together holding at least 5% of the Company's capital so request – with the request duly recorded in the minutes of the Meeting – any undisclosed shares in excess of the applicable disclosure thresholds will be stripped of voting rights for all Shareholders' Meetings for a period of two years from the date on which the omission is remedied.

TWENTY-NINTH RESOLUTION

Amendment to Article 11 of the bylaws concerning electronic voting at Shareholders' Meetings.

The Annual Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Extraordinary General Meetings, and having considered the Report of the Managing Board, resolves to add the following wording after the final paragraph in Article 11 of the Company's bylaws ("Shareholders' Meetings"):

"Remote voting may be used at Shareholders' Meetings in accordance with the terms and conditions set down in the applicable laws and regulations.

Proxy and postal voting forms may be sent to the Company or the organiser of Shareholders' Meetings either in paper form or, by decision of the Managing Board published in the notice of meeting, by electronic communication, including via the Internet.

Postal votes will be only be counted if the voting forms reach the Company at least three days before the Shareholders' Meeting. However, electronic voting forms may be received by the Company up until 3:00 p.m. (CET) on the day before the Shareholders' Meeting.

Shareholders who submit the electronic voting form provided on the website set up by the organiser of a Shareholders' Meeting shall be deemed to be present or represented at the Meeting.

If the Managing Board states in the notice of a Shareholders' Meeting that shareholders may use an electronic admission request form, proxy form or remote voting form, the electronic signature used must be based on a reliable identification process that guarantees the link between the signature on the form and the signatory. Such a process can entail a user name and password or any other signature verification method required or authorised by the applicable regulations.

Any proxies given or votes cast electronically in this way prior to a Shareholders' Meeting, and the related acknowledgement of receipt, shall be deemed to be irrevocable and binding. However, if any shares are sold before midnight (CET) on the third business day preceding the Meeting, the Company will take the appropriate measures to cancel or amend any proxies given or votes cast electronically before the shares were sold.

In addition, the Managing Board may decide that shareholders can participate in and vote at a Shareholders' Meeting by videoconference or any other means of telecommunication that enable them to be identified. Any such decision by the Managing Board shall be mentioned in the notice of meeting.

Shareholders who take part in a Shareholders' Meeting via videoconference or any other means of telecommunication that enable them to be identified, and whose nature and conditions of use comply with those set out in a decree of the Conseil d'Etat, shall be deemed present for the purposes of calculating quorum and majorities."

The other provisions of Article 11 of the bylaws remain unchanged.

THIRTIETH RESOLUTION

Powers to carry out legal formalities.

The Annual Shareholders' Meeting gives full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing and other formalities required by law.

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MAJOR CONTRACTS

ALLIANCE CONTRACT WITH GENERAL MOTORS

The purpose of the strategic alliance between the Company and General Motors (the **"Alliance"**), which was announced on 29 February 2012, is to put in place a global cooperation between the Company and General Motors at a global level around two main pillars:

(i) **the sharing of vehicle platforms, modules and components:** the Company and General Motors shall continue to market and sell their vehicles independently and on a competitive basis under their respective brands. Both intend to share some of their platforms, modules and components in order to put together their development and production capacities, and

(ii) **the creation of a global purchasing joint venture for the sourcing of products and services:** the Company and General Motors intend to operate at first as a Europe-wide purchasing organization with respect to the sourcing of commodities, components and other goods and services.

The Alliance covers additional areas of cooperation, such as logistic and freight. The Company and General Motors have especially the intent to establish, strategic, and commercial cooperation between General Motors and GEFCO for the logistics services needs of General Motors in Europe and Russia. In this connection, the PSA Peugeot Citroën Automotive Division and General Motors Europe signed a logistical services contract with GEFCO on 12 and 29 June 2012, respectively. For further information, please refer to the paragraph below "Progress on the General Motors Alliance."

The Company and General Motors Holdings L.L.C. (a wholly-owned subsidiary of General Motors Company, hereinafter "General Motors") have, on 29 February 2012, entered into a master agreement (the "Master Agreement"), amended 19 December 2012, whose purpose is to (i) describe the principal and strategic objectives of the Alliance, (ii) organise the governance of the Alliance, (iii) plan the implementation of the Alliance through specific agreements and (iv) limit General Motors' acquisition of a stake in the share capital of the Company.

Pursuant to the terms of the Master Agreement, a steering committee, which gathered the representatives of both Groups, set up to (i) oversee the implementation of the Alliance and promote its balanced implementation for the benefit of the Company and General Motors, (ii) resolve any controversy or dispute arising out or in connection with the implementation of the Alliance, (iii) establish as deemed necessary operational committees to oversee the day-to-day operations and management of the Alliance, (iv) examine any potential new products, services, projects or areas of cooperation to be integrated within the scope of the Alliance.

On 19 December 2012 the Company and General Motors signed agreements to implement the Alliance:

- a master joint development agreement (the "Development Agreement") ;
- an agreement to establish a common purchasing platform (the "Joint Purchasing Agreement.")

The arrangements that are the subject of the Alliance have given rise to information and consultation procedures with the Company's relevant employee representative bodies and their implementation has been contingent upon obtaining the required antitrust clearance, which were obtained for the latter at end-December 2012.

The Alliance shall continue in effect for a period of ten years and shall automatically renew for three years period. Each party may however terminate the Alliance, with effect, as the case may be, on the fifth, seventh, or ninth anniversary of the Master Agreement, if, on such dates, the performance criteria of the Alliance are not met. Each party may also terminate the Alliance if the other party fundamentally breaches its obligations, or in the event of a change of control of the other party (that is, if a third-party owns more than 30% of the total voting rights of one of the parties or has the contractual or statutory right to appoint the majority of the members of the Board of Directors of one of the parties), or if certain third-parties own more than 10% of the total voting rights of a party with the prior invitation of such party.

The Master Agreement also provides for the acquisition by General Motors of a stake in the share capital in the Company in the context of the share increase of the Company announced concomitantly with the Alliance, which constitutes a condition precedent to the implementation of the Alliance.

When the Company increased its capital stock on 29 March 2012, General Motors acquired thereby 7% of the company's equity by acquiring and exercising preferential subscription rights from the Company and the companies in the Peugeot family group, Etablissements Peugeot Frères (EPF) and FFP, and acquiring 4,398,821 treasury shares from the Company. For further information on the terms of the capital increase, please refer to Chapter 21.1.7 of this Registration Document.

In addition, General Motors has agreed (the "Standstill Undertakings"), under certain conditions and subject to certain exceptions, during the Standstill Period (as such term is defined below), not to, directly or indirectly or in concert with a third party:

- acquire any shares or securities (including derivatives) giving an economic interest in shares or securities or direct or indirect rights to acquire, any shares or securities of the Company;
- influence the management the Company, make or in any way participate, in any solicitation of procurations to vote any shares thereof, or seek to advise, direct or influence any person or entity with respect to the voting of any shares of the Company;
- publicly announce a tender offer for any shares of the Company or any of its affiliates;
- seek representation on the Supervisory Board or Management Board of the Company or a change in the composition or size of the Supervisory Board or Management Board of the Company;
- make any shareholder proposal to require that a matter be included in the proxy statement (avis de convocation) relating to any Shareholders' Meetings of the Company; or
- enter into any discussions, negotiations, arrangements or understandings with any third party with respect to any of the foregoing.

Notwithstanding the Standstill Undertakings, General Motors is authorized to own at all times, a stake representing no more than 7% of the issued share capital of the Company, except in the event of a decrease in the share capital of the Company or in the event any third party (excluding FFP and EPF, their affiliates and the members of their Boards of Directors that are also members of the Peugeot family or a third party acting in concert therewith) acquires shares of the Company such that such third party owns a percentage shareholding in the Company which is higher than the percentage shareholding in the Company held by General Motors, in which case General Motors will be entitled to purchase additional shares or securities of the Company such that the aggregate number of shares owned by General Motors represents a percentage not more than the next whole percentage point above the percentage shareholding held by such third party.

The Standstill Period is defined as the period between the signing of the Master Agreement and the date at which the Master Agreement ceases.

Notwithstanding any of the above, the Standstill Period shall early terminate:

- if an entity that manufactures automobiles or a private equity fund aiming at influencing the governance of the Company (a "Competitor") (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 10% or more of the issued share capital of the Company;
- if a Competitor (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 5% or more of the issued share capital of the Company and the shares of the Company held by the FFP, EPF and their affiliates directly or indirectly is less than 15% of the issued share capital of the Company;
- if a Competitor (together with any person acting in concert therewith) owns, directly or indirectly, shares of the Company representing 3% or more of the issued share capital of the Company if such investment by such Competitor in the share capital of the Company is made pursuant to an agreement with the Company, FFP, EPF or their affiliates;
- if the shares of the Company held by FFP, EPF and their affiliates directly or indirectly are less than 15% of the issued share capital of the Company, excluding any decrease in such shareholding that results from dilution;
- if any third party (alone or in concert with any other person) shall have filed a tender offer on the securities of the Company which shall have been cleared by the *Autorité des marchés financiers;* or
- the Company becomes insolvent or subject to any proceedings under any applicable bankruptcy, insolvency, moratorium, reorganization or similar law.

The Standstill Undertakings will terminate upon the end of the Standstill Period. However, the Standstill Undertakings shall be extended:

- for a period of 12 months from the end of the Standstill Period if such period has been terminated because of the termination of the Master Agreement on its fifth, seventh or ninth anniversary, under the terms described below;
- until the date on which the Master Agreement shall have terminated if the Master Agreement is terminated because of a fundamental breach, by General Motors, of one of its fundamental obligations under the Master Agreement.

General Motors and the Peugeot family do not act in concert with respect to the Company. Beside the Standstill Undertakings, the Master Agreement makes no stipulations concerning the Company's governance and provides no veto right or special rights.

The Master Agreement does not call for any financial investment by the Company and/or General Motors as a result of the alliance, excluding the 7% equity acquisition made during the capital increase of 29 March 2012 mentioned above, as each project must be decided on its own and with a specific written agreement.

The total synergies expected from the alliance are estimated at approximately $2 billion annually within about five years. The synergies will largely coincide with new vehicle programmes, with limited benefit expected in the first two years. It is expected the synergies will be shared about evenly between the two companies.

The Alliance has no impact on the existing contracts with the operational partners of the Group in the car industry relating to on-going programmes.

PROGRESS REPORT ON THE GENERAL MOTORS ALLIANCE

LOGISTICS COOPERATION AGREEMENT BETWEEN GENERAL MOTORS AND PSA PEUGEOT CITROËN

As an initial result of their global alliance, on 2 July 2012, General Motors and PSA Peugeot Citroën announced the Signature of a long term logistics services agreement between General Motors and Gefco , a company 25% held by Peugeot SA and a leader in automotive and industrial logistics in Europe and beyond regarding the majority of the logistics business in Europe.

The agreement concerns the majority of Opel/Vauxhall, Chevrolet and Cadillac logistics activities in Europe (including Russia) and includes services such as equipment and component deliveries to manufacturing plants, delivery of finished vehicles to dealerships and the transport of after sales spare parts to distribution centres.

The new logistics agreement between GM and GEFCO will take effect in April 2013.

On 20 December 2012 PSA Peugeot Citroën and GM announced that they had entered into initial agreements implementing their strategic alliance. In accordance with the Master Agreement, the two partners signed a master joint development agreement (the "Development Agreement") which incorporates final agreements on three vehicle projects as well as one on a common purchasing platform (the "Joint Purchasing Agreement.")

CREATION OF A PURCHASING JOINT VENTURE

In applicatiion of the Joint Purchasing Agreement, a common purchasing organisation was created in Europe, which is supported by a joint venture. As of 31 December 2012, this entity has now been approved by the governing anti-trust authorities, and the joint purchasing organization (JPO) is operational. A GM executive will be in charge of setting up the organization as part of a transitional phase under the supervision of a Board of Directors chaired by a PSA Peugeot Citroën representative.

He will be replaced within a maximum of one year by a Vice-President of Purchasing and a Deputy Vice-President, both of whom will be appointed alternately from each of the two Groups.

Additionally, the parties agreed to study the possible geographic expansion of the joint organisation in a second phase, primarily in Latin America.

THREE JOINT PLATFORM AND VEHICLE DEVELOPMENT PROJECTS

The first joint platform and vehicle development projects are:

- a joint programme for a C-MPV for Opel/Vauxhall and a C-CUV for Peugeot;
- a joint B-MPV for both Groups;
- the joint development of an upgraded low CO_2 segment B platform to underpin the new generation of Opel/Vauxhall and PSA Peugeot Citroën vehicles in Europe and worldwide.

Additional joint development vehicle projects are under review. The first vehicles produced as a result of this collaboration are due to be launched in 2016. Opel/Vauxhall, Peugeot and Citroën models will be highly differentiated and fully consistent with their respective brand identities.

The balance of roles and responsibilities will allow both partners to reap the benefit of this collaboration:

- the C-MPV for Opel/Vauxhall, the C-CUV for Peugeot and the B-MPV for both Groups will be developed at PSA Peugeot Citroën platforms;
- GM will spearhead the development of the B-MPV for both Groups;
- an upgraded low CO_2 segment B platform will be jointly developed to underpin the new generation of Opel/Vauxhall and PSA Peugeot Citroën vehicles in Europe and worldwide.

FURTHER GLOBAL INITIATIVES

Based on the success of their collaboration, the partners also announced their intention to develop further global initiatives to broaden the scope of their alliance and seize future opportunities:

- joint development of a next generation of high-performance, fuel-efficient petrol engines derived from PSA's global small petrol engine programme (EB engine);
- research into new vehicle and industrial initiatives in Latin America or other growth markets.

SALE OF 75% CAPITAL INTEREST IN GEFCO TO JSC RUSSIAN RAILWAYS (RZD)

On 5 November 2012, Philippe Varin, Chairman of the PSA Peugeot Citroën Managing Board, and Vladimir Yakunin, President of JSC Russian Railways (RZD), signed a sale contract appertaining to the acquisition by RZD of a 75% capital interest and voting rights in GEFCO S.A., the GEFCO Group parent company.

On 20 December, PSA Peugeot Citroën announced the completion of the acquisition of 75% of the capital and voting rights of its subsidiary, GEFCO S.A. by JSC Russian Railways (RZD), in accordance with the sale contract signed on 5 November 2012.

PSA Peugeot Citroën sold its investment to RZD for €800 million, following the payment by GEFCO to PSA Peugeot Citroën of an exceptional dividend of €100 million. (See note 2.4 to the consolidated financial statements at 31 December 2012).

With RZD, GEFCO will not only further enhance its geographic expansion strategy in China, India and Latin America, but will also accelerate its growth in Eastern and Central Europe, particularly in Russia. RZD and GEFCO will offer unrivalled logistics services between Europe and Asia by combining the strengths of the two Groups. The new entity will become a world leader in diversified industrial supply chain logistics.

RZD intends to retain GEFCO's management team and all of its existing operating units, including those providing services to PSA Peugeot Citroën.

The protection of the sustained quality of the logistics services provided by GEFCO to PSA Peugeot Citroën, as well as the protection of both parties' interests, is guaranteed by a shareholders' agreement between PSA Peugeot Citroën and RZD.

The PSA Peugeot Citroën and GEFCO S.A. Works Councils have expressed their support for the transaction.

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INFORMATION FROM THIRD PARTIES, APPRAISERS' STATEMENTS AND STATEMENTS OF INTEREST

CERTIFICATE OF PRESENCE AND MODERATE ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INDICATORS INCLUDED IN THE MANAGEMENT REPORT

Financial year ended 31 December 2012

To the attention of the General Management,

At the request of Peugeot S.A. and in our role of independent auditor, we hereby present you with our report of the consolidated social, environmental and societal indicators for the year ending 31 December 2012 pursuant to the provisions of Article L. 225-102-1 of the Commercial Code.

COMPANY'S RESPONSIBILITY

The Board is responsible to prepare a management report including consolidated information on social, environmental and societal indicators pursuant to the provisions of Article R. 225-105-1 of the Commercial Code (hereinafter "Information"), established according to the referential used (the "Referential") by the Company and available at the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

We adhere to independence rules defined by the regulations, the code of ethics of the profession as well as the provisions of Article L. 822-11 of the Commercial Code. In addition, we have implemented a quality control system that includes policies and documented procedures to ensure compliance with the code of ethics, professional standards and applicable laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT AUDITOR

Based on our work it is our responsibility:

- to certify that the Information required has been included in the management report or is subject to an explanation if not included in the report pursuant to the third paragraph of Article R. 225-105 of the Commercial Code and Decree No. 2012-557 of 24 April 2012 (Certificate of Presence);
- to express a conclusion of moderate assurance on the fact that the Information, presented in all material respects, is fairly stated in accordance with the Referential (Moderate assurance report).

We have called upon the help of our Corporate Social Responsibility experts in order to complete this assignment.

1. CERTIFICATE OF PRESENCE

We performed our work in accordance with professional standards applicable in France:

- We compared the Information contained in the management report with the list provided in Article R. 225-105-1 of the Commercial Code;
- We verified that the Information covered the consolidated scope, namely the Company and its subsidiaries pursuant to Article L. 233-1 and the companies under its control according to Article L. 233-3 of the Commercial Code;
- We verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 of 24 April 2012 in case of omission of certain information.

Based on these procedures performed, we confirm that the information is available in the management report as required.

2. MODERATE ASSURANCE REPORT

NATURE AND SCOPE OF WORK

We conducted our work in accordance with International Standard on Assurance Engagements 3000 ("ISAE") and the professional standards applicable in France. We implemented the procedures described below to obtain moderate assurance that the Information does not contain any anomalies likely to call into question their appropriateness, in all their significant aspects, in accordance with the Referential. Providing assurance at a greater level would have required additional procedures.

We performed the following tasks:

- We assessed the appropriateness of the Referential in terms of its relevance, completeness, neutrality, clarity and reliability, taking into account, where appropriate, industry best practices;
- We verified the implementation within the group of a collecting, compiling, processing and controlling process in order to achieve completeness and consistency of the Information. We have taken note of the internal control procedures and risk management procedures relating to the preparation of the Information. We conducted interviews with the personnel responsible for the social and environmental reporting;
- We selected consolidated information to control[1] and determined the nature and the extent of the controls taking into account their importance in terms of environmental and social impacts associated with the activity and characteristics of the group as well as its societal commitments.

  Concerning the quantitative consolidated information that we considered the most important:
  - At the level of the consolidating entity and the other controlled entities, we selected samples, implemented analytical procedures and verified the calculations and the consolidation of such information;
  - For the sites selected[2] based on their activity, their contribution to the consolidated indicators, their locations and on a risk analysis, we :
    - Conducted interviews to verify the correct application of the procedures;
    - Implemented detailed testing on a selected sample in order to verify the calculations and reconcile the data to the supporting documentation.

    The sample selected represents an average 20.3% of the workforce and between 20% and 33% of the tested environmental quantitative information.
  - Concerning the consolidated qualitative information that we have considered most important, we conducted interviews and reviewed the documentary sources in order to corroborate this information and review their sincerity.
    - Concerning the other consolidated information published, we assessed the appropriateness and consistency against our knowledge of the company and, where appropriate, corroborated information through interviews and consultation of documentary sources.
    - Finally, we assessed the relevance of the explanations to the absence of information when appropriate.

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information, presented in all material respects, is not fairly stated in accordance with the Referential.

Paris, 14 March 2013

Grant Thornton

French member firm of Grant Thornton International

Gilles Hengoat Partner National Audit Director	Alban Audrain Partner Head of Corporate Social Responsibility

(1) Employees (number and breakdown), recruitment and layoffs, employees' benefits, frequency and fatality rates of work accidents, hours of training, water withdrawals, energy consumption, GHG direct and indirect emissions, emissions of VOC and NO2.

(2) Sites of Mulhouse, Poissy, Sept-Fons, Sochaux, Trémery, Vigo (Spain), Madrid (Spain).

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DOCUMENTS AVAILABLE TO THE PUBLIC

24.1. DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents are available on the website of the Company (www.peugeot-citroen.com):

- the present 2012 Registration Document filed with the *Autorité des marchés financiers* as an Annual Report;
- financial press releases;
- bylaws of Peugeot S.A;
- historical financial information for Peugeot S.A. and its subsidiaries;
- Full year results 2012 presentation.

Documents and information concerning the Company can be also requested at PSA Peugeot Citroën's registered office located at 75 avenue de la Grande-Armée, 75116 Paris.

24.2. 2012 PRESS RELEASES

LIST OF PRESS RELEASES

During 2012 and until the publication of the present document, the following press releases have been published on the Company's website (www.psa-peugeot-citroen.com).

25/03/2013	Banque PSA Finance: €1.2 billion bond issue with French State guarantee
20/03/2013	Banque PSA Finance – Availability of the 4th supplement to the Base Prospectus of the EMTN Program
14/03/2013	PSA Peugeot Citroën successfully completed the disposal of its stake in BNP Paribas for c. €177m
12/03/2013	A lean Managing Board led by Philippe Varin
12/03/2013	Supervisory Board Meeting of 12 March 2013
12/03/2013	Philippe Varin sets up a leaner management team to lead the Group's recovery
7/03/2013	PSA signs agreement to assemble vehicles in Kazakhstan
7/03/2013	With the DISTINGUO passbook, Banque PSA Finance takes on a new savings product
28/02/2013	PSA Peugeot Citroën floats a billion euro bond issue
25/02/2013	Peugeot produces its 300.000th 208
22/02/2013	Pierre-Louis Colin Named Manager of service and parts
22/02/2013	New President appointed at Changan PSA Automobile co., Ltd (CAPSA)
22/02/2013	Frédéric Fabre named general Manager of Peugeot Scooters (Peugeot Motocycles)
19/02/2013	The Foundation and Fare Launch The Mouv'up! Programme to promote employment through mobility
13/02/2013	2012 Financial results
12/02/2013	Confirmation of the appointment of Louis Gallois to the Peugeot S.A Supervisory Board
12/02/2013	Four labour unions (CFE/CGC, CFTC, FO AND SIA/GSEA) issue a favourable opinion on the draft agreement outlining support measures for employees at the Rennes and Aulnay sites
11/02/2013	Banque PSA Finance announces the temporary authorisation of the european Commission to apply the guarantee of the french State on new bond issues
07/02/2013	Result of asset valuation tests of the Automotive division for Fy2012
06/02/2013	Successful bond issue by Banque PSA Finance in Argentina
05/02/2013	PSA Peugeot Citroën receives award for environmental performance
31/01/2013	PSA Peugeot Citroën hails the responsible attitude taken by the CFE / CGC – CFTC – FO joint union
30/01/2013	PSA Peugeot Citroën launches production of the Peugeot 208 in Brazil
29/01/2013	PSA Peugeot Citroën industrial restructuring: the process has not been suspended
25/01/2013	BPF puts on secondary market ABS bonds backed by automobile loans
24/02/2013	GM and PSA Peugeot Citroën unveil the details of the details of the global strategic alliance
22/01/2013	Innovation day: PSA Peugeot Citroën presents major innovations for the car of the future
18/01/2013	Mobility and solidaity: the PSA Peugeot Citroën Foundation publishes its first Annual Report
14/01/2013	Banque PSA Finance signs a new eur 2,000,000,000 revolving credit facility
09/01/2013	PSA Peugeot Citroën faces steeply declining european markets but makes progress internationally
08/01/2013	Banque PSA Finance successfully raises €3.1 billion of asset backed securities in 2012
07/01/2013	The new Peugeot 2008, a powerful symbol of PSA Peugeot Citroën's strategy
20/12/2012	Banque PSA Finance announces £1.08 billion issuance of asset-backed securities by Auto ABS UK Loans PLC

20/12/2012	PSA Peugeot Citroën and General motors announce further progress on their alliance
20/12/2012	PSA Peugeot S.A Citroën and Jsc Russian Railways make acquisition by RZD of 75% of GEFCO
19/12/2012	Shareholders – lock-up agreement
18/12/2012	Appointment of Louis Gallois to the Peugeot S.A. Supervisory Board
13/12/2012	Banque PSA Finance issued on 13 December 2012 Abs bonds backed by auto loans for a total amount of 266.5 million euros
12/12/2012	Restructuring plan: end of consultation phase on the economic chapter
30/11/2012	Banque PSA Finance placed in the secondary market €723.6m ABS notes backed by french auto leases
29/11/2012	Banque PSA Finance has issued on november 28th 2012 senior ABS bonds backed by spanish auto loans for a total amount of 668 million euros
29/11/2012	IFP school foundation Tuck and PSA Peugeot Citroën create an academic chair on biofuels
23/11/2012	Inauguration of Openlab Competitive Intelligence
23/11/2012	The Foundation PSA Peugeot Citroën and French Red Cross sign a first time partnership "Red Cross On Wheels"
21/11/2012	PSA Peugeot Citroën and Paristech sign framework agreement to teaching and research
19/11/2012	Banque PSA Finance issues €537m ABS notes backed by italian auto loans
16/11/2012	Successful bond issue Bybanque PSA Finance in Argentina
08/01/2012	Banque PSA Finance revises statistical model for retail lending
08/11/2012	PSA Peugeot Citroën and GNFA sign agreement to train 4000 professionals per year
05/11/2012	PSA Peugeot Citroën and Jsc Russian Railways (Rzd)sign share sales contract
25/10/2012	Agreement between PSA Peugeot Citroën and unions on commitment to negotiate employment package
25/10/2012	Revitalization of Aulnay site: ID Logistics ready to create nearly 600 jobs
24/10/2012	PSA Peugeot Citroën and General motors confirm key steps in global strategic alliance
24/10/2012	Press release of the Supervisory Board
24/10/2012	Banque PSA Finance: PSA Peugeot Citroën announces new financing
24/10/2012	Third-quarter 2012 Group revenues
23/10/2012	Banque PSA Finance placed €720m ABS notes backed by french auto loans
09/10/2012	PSA Peugeot Citroën: 1 million vehicles produced in Brazil
05/10/2012	PSA Peugeot Citroën receives the 2012 Grand Prix for financial transparency
04/10/2012	Project Gireve: protocol signed for creation of Gireve
25/092012	Appointments made in communications department of PSA Peugeot Citroën
20/09/2012	PSA Peugeot Citroën enters into exclusive negotiations with JSC Russian Railways (Rzd)
18/09/2012	PSA Peugeot Citroën commits tu sustainable transportation
18/09/2012	Appointments to european subsidiaries of the Group
13/09/2012	PSA Peugeot Citroën participates in european heritage days
10/09/2012	PSA Peugeot Citroën Sochaux site celebrates 100 years
06/09/2012	New engine delopments reduce CO_2 emissions from Peugeot and Citroën Vehicles
03/09/2012	Maxime Picat appointed Managing Director of Peugeot brand
31/08/2012	PSA Peugeot Citroën to produce its future light commercial vehicle in France (MANQUE TRADUCTION – sur le site de Valencienne-Hordain)
25/07/2012	PSA Peugeot Citroën welcomes french government plan to support its auto industry
25/07/2012	2012 interim Financial Report
25/07/2012	Availability of 2012 interim Financial Report
23/07/2012	PSA Peugeot Citroën and Toyota announce new cooperation agreement on light commercial vehicle segment in Europe
12/07/2012	PSA Peugeot Citroën presents planned reorganisation of this french industrial base and redeployment of this workforce
11/07/2012	Fiat and PSA Peugeot Citroën present planned agreement on Sevel joint venture
06/07/2012	Worldwide sales at 1,619,000 units for first half of 2012
04/07/2012	PSA Peugeot Citroën and Mitsubishi Motors Corporation announce the startup of complete production at Kaluga (Russie)
02/07/2012	Shareholders – lock-up agreement
02/07/2012	Logistics cooperation agreement between General Motors and PSA Peugeot Citroën

26/06/2012	PSA Peugeot Citroën Foundation “a world in movement” celebrates its first anniversary
20/06/2012	Banque PSA Finance – issues €600 million of bonds
20/06/2012	Press release of PSA Peugeot Citroën Supervisory Board
19/06/2012	Banque PSA Finance – bonds issue in Brazil of 200 million reals
13/06/2012	PSA Peugeot Citroën wins 2012 engine of the year award for the sixth year in a row
07/06/2012	Fourth successful bond issue by Banque PSA Finance in Argentina
07/06/2012	PSA Peugeot Citroën the european leader in reducing CO2 emissions in the first quarter of 2012
31/05/2012	New production layout at PSA Peugeot Citroën plant in Rennes
30/05/2012	Banque PSA Finance: issues 175 million swiss franc fixed-rate bonds
24/05/2012	The new Peugeot 301 – Compact 4-Door Sedan for the international market
23/05/2012	Universite Paris-Sud and PSA Peugeot Citroën create a chair in optoelectronics & photonics
25/04/2012	First-Quarter 2012 Group revenues
25/04/2012	Annual Shareholders’ Meeting of 25 april 2012
12/04/2012	Appointments made to Europe sales division
05/04/2012	Further cooperation between Ford and PSA Peugeot Citroën in diesel engines
03/04/2012	PSA Peugeot Citroën: €600 million bond issue maturing july 2017
03/04/2012	PSA Peugeot citroën announces the sale of its headquarters at 75 Avenue de La Grande Armée, Paris
30/03/2012	TPCA factory in Czech Republic
30/03/2012	Adjustment of the attribution rate of shares of the OCÉANES Peugeot 2016
27/03/2012	PSA Peugeot Citroën, leads France in patients applied for with 1,237 patients published in 2011
27/03/2012	PSA Peugeot Citroën announces successful capital increase
23/03/2012	European works council meeting of 23 march 2012
22/03/2012	GM and PSA Peugeot Citroën announce members of their steering committee
19/03/2012	PSA Peugeot Citroën participates in France’s second industry week
13/03/2012	Supervisory Board names two new members of the Managing Board
13/03/2012	Supervisory Board Meeting of 13 march 2012
09/03/2012	PSA Peugeot Citroën unveils version of its electric tricycle
06/03/2012	PSA Peugeot Citroën announces a new capital increase
06/03/2012	PSA Peugeot Citroën: publication of 2011 Registration Document
29/02/2012	GM and PSA Peugeot Citroën create global strategic alliance
21/02/2012	PSA Peugeot Citroën confirms that discussions are taking place for potential cooperations and alliances
15/02/2012	2011 Fiancial Results
01/02/2012	PSA Peugeot Citroën and Enterprise Holdings complete the acquisition by Enterprise Holdings of Paris-Based Rental Car Company, Citer S.A.
27/01/2012	Manufacturing of the Peugeot 208 Starts up in Poissy
27/01/2012	Third successful bon issue in Argentina
16/01/2012	One million Peugeot and Citroën vehicles feature the e-Call emergency call system
13/01/2012	Appointments to the Group management structure
12/01/2012	PSA Peugeot Citroën continues to globalise and broaden the range of its brands; 3.5 million vehicles sold in 2011
09/01/2012	PSA Peugeot Citroën, the european electric vehicle market leader in 2011
06/01/2012	Banque PSA Finance : issues €650 million in 2.5 year bonds
04/01/2012	Developments with in the Managing Board and Executive Management Commitee

LIST OF DOCUMENTS PUBLISHED ON BALO

25 May 2012	Periodic publication – Annual financial statements
6 April 2012	Notice of meeting – Shareholders Meeting (Notice of meeting)
21 March 2012	Notice of meeting – Shareholders Meeting (Prior Notice of meeting)

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INFORMATION ON SHAREHOLDINGS

See note 43 (List of consolidated companies) to the consolidated financial statements.

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CROSS-REFERENCE TABLE

CROSS-REFERENCE TABLE ON THE REPORT OF THE MANAGING BOARD

This Registration Document includes all of the information in the Report of the Managing Board of PSA Peugeot Citroën provided for in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code.

The following table cross-refers each section of the Report of the Managing Board to the corresponding pages of the Registration Document.

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CROSS REFERENCE TABLE WITH REQUIRED MATERIAL IN ARTICLE R. 225-105 OF THE FRENCH COMMERCIAL CODE (APPLICATION OF GRENELLE 2 LEGISLATION)

Expected by the decree	PSA codification of the 42 topics of Grenelle 2	2012 Registration Document (relevant sections)	Reporting status
1° Personnel information			
a) Employment			
Total workforce	G.1a	17.1.1	
Employees by gender	G.1b	17.1.1	
Employees by age	G.1c	17.1.1	
Employees by geographical region	G.1d	17.1.2	
Hirings	G.2a	17.1.1	
Hirings	G.2b	17.1.1	
Compensation and changes it in	G.3	17.1.4	
b) Work arrangements			
Organisation of working hours	G.4	17.1.2	
Absenteeism	G.5	17.1.2	
c) Employee relations			
Organisation of employer-employee communications, especially procedures for informing, consulting and negotiating with personnel	G.6	17.4.1/17.4.2	
Summary of labour agreements	G.7	17.4.1	
d) Health and safety			
Health and safety conditions in the workplace	G.8	17.2.1	
Summary of agreements signed with unions or employee representatives regarding workplace health and safety	G.9	17.2.3	
Workplace accidents, particularly their frequency and severity, along with occupational diseases	G.10	17.2.2	
e) Training			
Policies put into practice with regard to training	G.11a	17.1.3.1	
Means put into practice with regard to training	G.11b	17.1.3.2	
Total number of hours of training	G.12	17.1.3.2	
f) Non-discrimination			
Measures taken to ensure equality between men and women	G.13	17.3.2.1	
Measures taken to ensure the hiring and integration of handicapped persons	G.14	17.3.2.2	
Anti-discrimination policy	G.15	17.1.1/17.3/ 17.3.2.3 17.3.3	
g) Promotion and observance of the core conventions of the International Labour Organization relative			
To respect for freedom of association and the right to collective bargaining	G.16	17.4.1	
To the elimination of discrimination in terms of hiring and occupation	G.17	17.4.1	
To the elimination of forced or obligatory labour	G.18	17.4.1	
The effective abolition of child labour	G.19	17.4.1	

Expected by the decree	PSA codification of the 42 topics of Grenelle	2012 Registration Document (relevant sections)	Reporting status
2° Environmental information			
a) General environmental policy			
The organisation of the Company so as to take environmental questions into consideration	G.20	5.3.1/5.3.2/5.3.3.1	
Environmental assessment or certification initiatives	G.20	5.3.3.2	
Actions taken to train and inform employees about protection of the environment	G.21	5.3.3.3	
Resources committed to prevent environmental risks and pollution	G.22	5.3.2/ 5.3.2.1 / 5.3.2.1.2/ 5.3.2.1.3 / 5.3.2.2 / 5.3.3.4	
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	5.3.3.4.3	
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	5.3.2.2/5.3.2.3.2/5.3 3.3/5.3.3.4/5.3.4.2	
Measures to prevent, recycle or eliminate waste	G.25	5.3.2.3.3/5.3.3.4.2 / 5.3.4.4	
The handling of sound pollution or any other form of pollution specific to an activity	G.26	5.3.3.4.2	
c) Sustainable use of resources			
Water consumption and sourcing in light of local constraints	G.27	5.3.4.2	
Consumption of raw materials and measures taken to use them more efficiently	G.28	5.3.2.3.1/5.3.4.3	
Consumption of energy, measures taken to improve energy efficiency and use of renewable energy	G.29	5.3.2.1.2/5.3.4.1	
Use of land	G.30	5.3.3.4.2	
d) Climate change			
Greenhouse gas emissions	G.31	5.3.2.1.1/5.3.4.1	
Adaptation to the consequences of climate change	G.32	5.3.2.1/5.3.2.1.2 5.3.2.4/5.3.4.1	
e) Protection of biodiversity			
Measures taken to preserve or develop biodiversity	G.33	5.3.3.4.2	

Expected by the decree	PSA codification of the 42 topics of Grenelle	2012 Registration Document (relevant sections)	Reporting status
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	5.3.5.2.1/5.3.5.2.2 17.1.5	
On neighbouring or local residents	G.35	5.3.5.4	
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	5.3.5.1	
Support, partnerships and philanthropy provided	G.37	5.3.5.2.2/5.3.5.4 17.3.2.2	
c) Subcontractors and suppliers			
Consideration given to social and environmental issues in purchasing policies	G.38	5.3.5.2.1	
The importance of subcontracting and the inclusion in subcontractor and supplier relationships of their social and environmental responsibility	G.39	5.3.5.2.1/5.3.5.2.3	
d) Fair operating practices			
Actions undertaken to prevent corruption	G.40	5.3.5.5	
Measures taken benefiting the health and safety of consumers	G.41	5.3.2.2/5.3.2.3.2 5.3.5.1	
e) other actions undertaken relating to this Article			
Measures taken in favour of human rights	G.42	5.3.5.2.3/17.3.3	

CROSS-REFERENCE TABLE ON THE ANNUAL FINANCIAL REPORT

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CROSS-REFERENCE TABLE ON THE MINIMUM DISCLOSURE REQUIREMENTS LISTED IN ANNEX 1 OF EUROPEAN COMMISSION REGULATION (EC) 809/2004

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