PSA PEUGEOT CITROËN

REGISTRATION DOCUMENT

Including the annual financial report

2019

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ANNUAL FINANCIAL REPORT ELEMENTS ARE CLEARLY IDENTIFI ED IN THIS TABLE OF CONTENTS WITH THE SIGN RFA

PSA PEUGEOT CITROËN

REGISTRATION DOCUMENT

2015

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French version of this Registration Document, which contains all of the information in the Management Report, was filed with the French securities regulator (Autorité des Marchés Financiers – AMF) on 24 March 2016, in accordance with the provisions of Article 212-13 of the AMF General Regulations.

It may be used in connection with a financial transaction in conjunction with an Offering 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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PSA GROUP

1.1. KEY FIGURES

This document gives the PSA Group's consolidated financial statements for the years 2015 and 2014. The 2013 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers* – AMF) on 2 April 2014 under no. D. 14-0269. Please also see paragraph 5.1 below.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union as at 31 December 2015, the balance sheet date.

2014 Comparative information has been restated in accordance with IFRS 5.

Consolidated Income Statement*

	2015				2014			
(in million euros)	Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
Revenue	54,426	267	(17)	54,676	51,310	300	(18)	51,592
Recurring operating income (loss)	2,729	4		2,733	701	96		797
Operating income (loss)	1,970	6		1,976	28	96		124
Net financial income (expense)	(642)			(642)	(750)	(5)		(755)
Income taxes	(687)	(19)		(706)	(206)	(100)		(306)
Share in net earnings of companies at equity	314	123		437	274	12		286
Profit (loss) from operations held for sale or to be continued in partnership	72	65		137	9	87		96
Consolidated profit (loss) for the period	1,027	175		1,202	(645)	90		(555)
Attributable to equity holders	737	162		899	(787)	86	(5)	(706)
Attributable to minority interests	290	13		303	142	4	5	151
Basic earnings per €1 par value share attributable to equity holders of the parent				**1.14**				**(1.15)**

* *The results for 2014 and 2015 reflect the reclassification of operations held for sale or to be continued in partnership.*

Consolidated Balance Sheet*

	31 December 2015				31 December 2014			
ASSETS *(in million euros)*	Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
Total non-current assets	20,926	1,131	(2)	22,055	20,331	279	(5)	20,605
Total current assets	18,839	1,193	(608)	19,424	16,526	6,209	(704)	22,031
Total assets of operations held for sale or to be continued in partnership	616	7,048	(33)	7,631	167	18,529	(120)	18,576
TOTAL ASSETS	**40,381**	**9,372**	**(643)**	**49,110**	**37,024**	**25,017**	**(829)**	**61,212**

EQUITY AND LIABILITIES (in million euros)	31 December 2015				31 December 2014			
	Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
Total equity				12,219				10,418
Total non-current liabilities	9,984	17		10,001	11,637	2	(1)	11,638
Total current liabilities	20,104	3,405	(551)	22,958	18,071	13,368	(536)	30,903
Transferred liabilities of operations held for sale or to be continued in partnership	401	3,623	(92)	3,932	37	8,508	(292)	8,253
TOTAL EQUITY & LIABILITIES				**49,110**				**61,212**

* Balance sheets at the end of December 2014 and 2015 reflect the reclassification of operations held for sale or to be continued in partnership.

Consolidated Statement of Cash Flows*

(in million euros)	2015				2014			
	Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations	**955**	**(4)**		**951**	**(654)**	**(297)**		**(951)**
Funds from operations	**4,490**	**22**	**1**	**4,513**	**2,038**	**(41)**		**1,997**
Net cash from (used in) operating activities of continuing operations	5,432	6,560	41	12,033	3,728	(198)	17	3,547
Net cash from (used in) investing activities of continuing operations	(2,692)	(125)	111	(2,706)	(2,259)	(31)		(2,290)
Net cash from (used in) financing activities of continuing operations	(644)	(830)	142	(1,332)	703	3	334	1,040
Net cash related to the non-transferred debt of finance companies to be continued in partnership		(8,234)	(5)	(8,239)		(1,155)	(300)	(1,455)
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership	42	938	(218)	762	47	2,179	32	2,258
Effect of changes in exchange rates	(112)	(19)	3	(128)	47	1	(1)	47
Increase (decrease) in cash from continuing operations and from operations held for sale or to be continued in partnership	**2,026**	**(1,710)**	**74**	**390**	**2,266**	**799**	**82**	**3,147**
Net cash and cash equivalents at beginning of period	**8,427**	**2,603**	**(128)**	**10,902**	**6,161**	**1,804**	**(210)**	**7,755**
NET CASH AND CASH EQUIVALENTS OF CONTINUING OPERATIONS AT END OF PERIOD	**10,453**	**893**	**(54)**	**11,292**	**8,427**	**2,603**	**(128)**	**10,902**

* Net cash in 2014 and 2015 reflects the reclassification of operations held for sale or to be continued in partnership.

1.2. HISTORY AND HIGHLIGHTS 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 1980, the newly-acquired companies – which continued to do business under the Talbot brand – 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 provide financing for Peugeot and Citroën sales, was transformed into a bank in 1995. Its current name is 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.

In February 2012, Automobiles Citroën sold Citer, a group specialising in car rentals, to the Entreprise group.

At the end of 2012, PSA sold 75% of the capital of GEFCO S.A., the Group's parent company which specialises in Logistics, to JSC Russian Railways (RZD).

Following the project to increase the investment of PSA and Renault in the capital of the subsidiaries Française de Mécanique (Douvrin, Nord-Pas de Calais) and *Société de Transmissions Automatiques* (Ruitz, Nord-Pas de Calais), in December 2013 PSA took exclusive control of *Française de Mécanique*.

At the end of March 2014, the Group strengthened its industrial and commercial partnership with Dongfeng Motor Group (DFG) following the announcement of major transaction plans for the Group. The final agreements were signed at the end of March 2014. Following the July 2014 signing of a framework agreement on European partnership, seven local partnerships between Banque PSA Finance (BPF) and Santander Consumer Finance (SCF) started operations. On 24 July 2015, PSA and BPF announced the signing of a framework agreement with Banco Santander Brazil. For more details, please refer to Section 1.4.1.3. below.

Moreover, to speed up the expansion of Peugeot Scooters, strengthen the brand and its products, and secure its future, PSA has entered on 19 January 2015 into a long-term strategic partnership with Mahindra & Mahindra Group (M&M). M&M holds a 51% interest in Peugeot Motocycles (PMTC). On 31 March 2015, the Group acquired Mister Auto, an e-commerce leader for spare parts for all automotive brands on the European market.

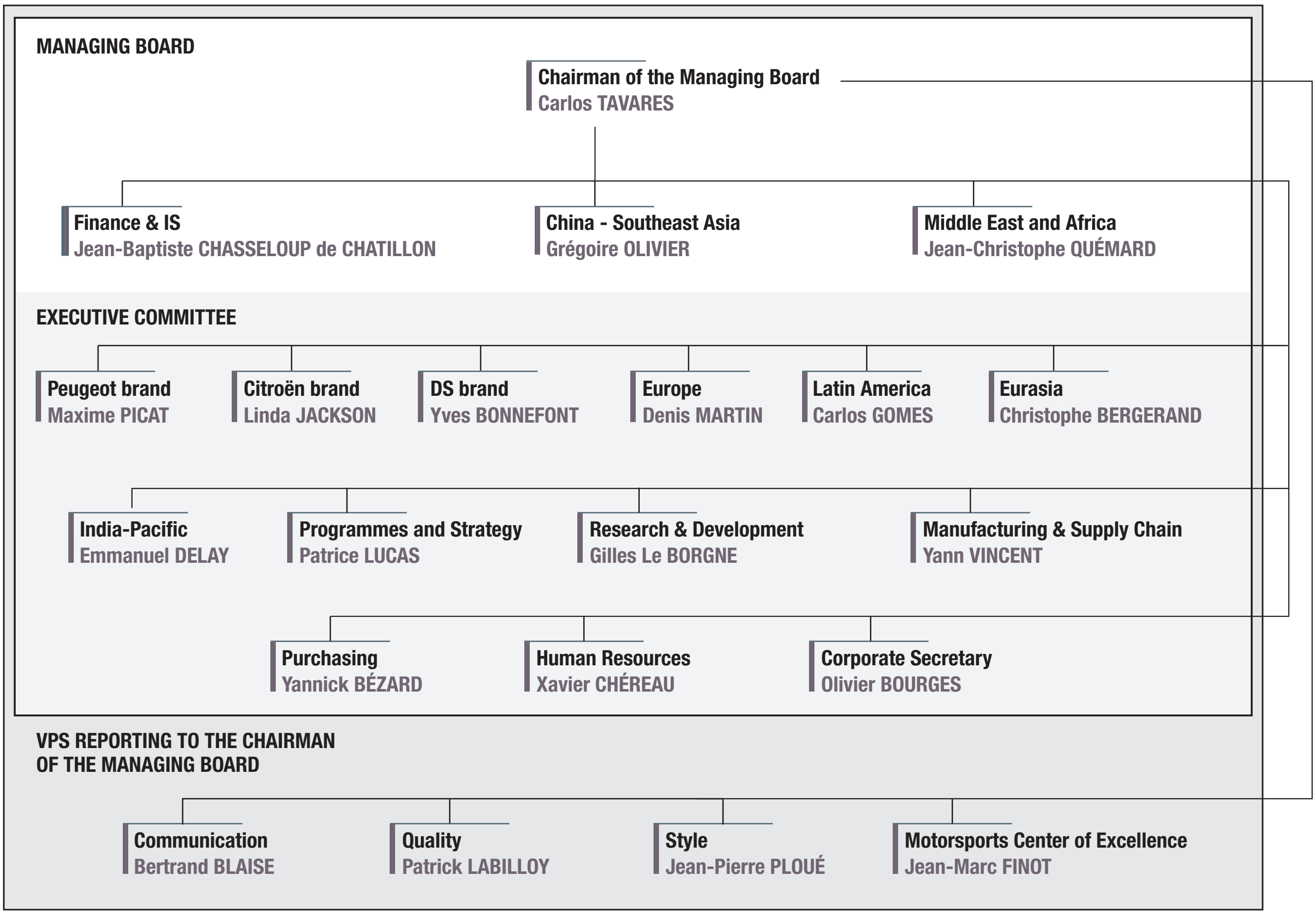
On 17 June 2015, PSA and Bolloré Group signed a cooperation agreement on electric vehicles and car sharing. For more details, please refer to Note 1.5 to the 2015 consolidated financial statements (see Section 5.6 below).

On 14 December 2015, Faurecia signed a Memorandum of Understanding with Plastic Omnium for the disposal of its Automotive Exteriors business. The business that would be sold is comprised of bumpers and front end modules. For more details, please refer to Note 3.3.B to the 2015 consolidated financial statements (see Section 5.6 below).

1.3. ORGANISATIONAL STRUCTURE

1.3.1. Group organisational structure – functions

The corporate management organisational chart is presented below:



1.3.2. Group organisation

The executive management of the PSA Group is the responsibility of the Managing Board, which is presented in detail in Section 3.1 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 long-term objectives set and approved by the Supervisory Board.

The Managing Board is backed by the Executive Committee. The latter is organised in a matrix structure by brands, regions and business lines. This structure aims to secure worldwide profitable growth for the Group. Each region is supervised by a Chief Operating Officer (COO), who is responsible for economic profit and the management of Group resources in the region, including manufacturing and sales companies. This responsibility is exercised in partnership with the Group brands and business lines.

Four business line VPs report to the Chairman of the Managing Board.

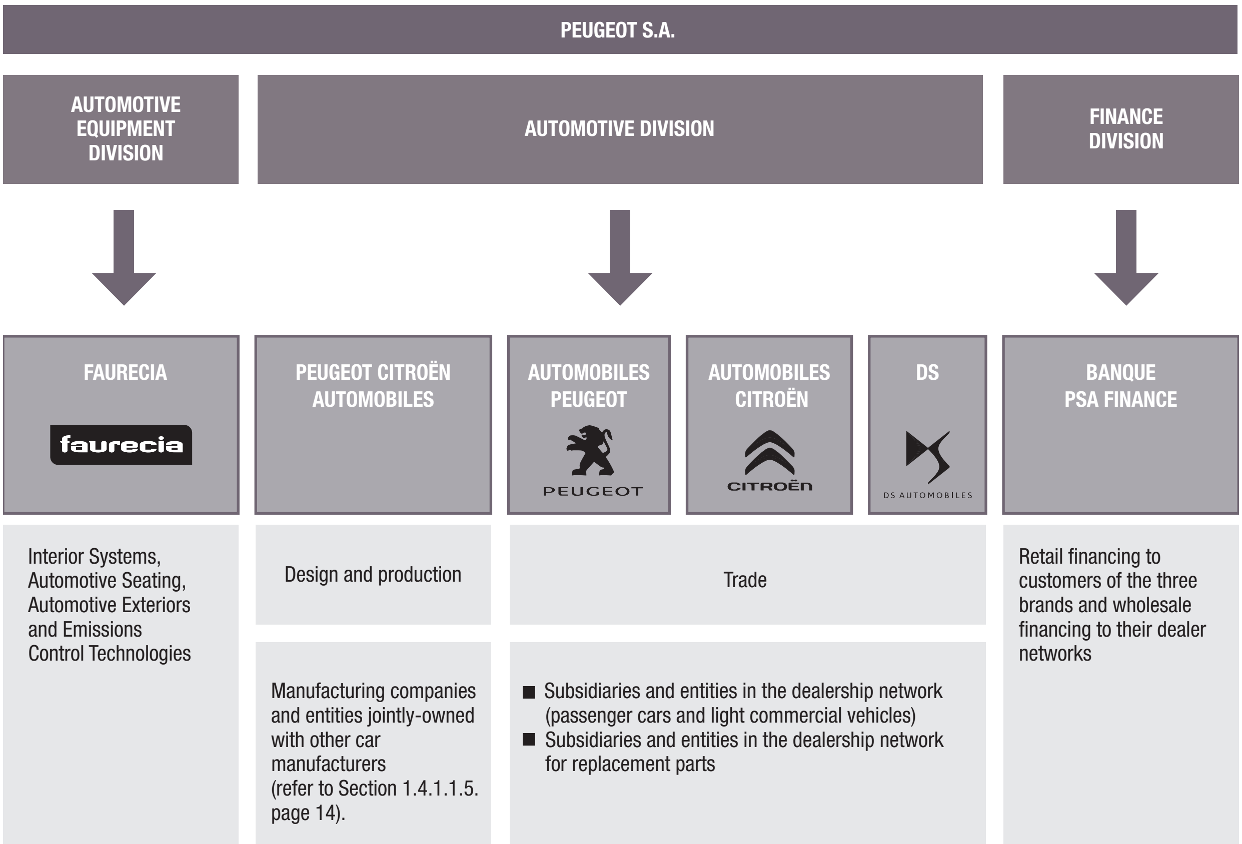
1.3.3. Parent-subsidiary relationships

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 6.4. Please refer as well to Note 21 to the 2015 consolidated financial statements for a detailed description of Group related party transactions, in particular with equity-accounted entities.

For further information, please refer to the Statutory Auditors' Special Report on related party agreements and commitments (see Section 6.7 below, page 285).

1.3.4. Simplified organisation structure at 31 December 2015



At 31 December 2015, there were 402 entities included in the scope of consolidation. A comprehensive list is found starting on page 254 of the Registration Document.

1.4. ACTIVITIES AND STRATEGY

1.4.1. Main business activities of the Group

The Group's operations are organised around three main business segments:

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands;
- the Automotive Equipment Division, corresponding to the Faurecia Group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Finance Division, corresponding to the Banque PSA Finance Group (BPF), which provides retail financing to Group customers of the Peugeot, Citroën and DS brands and dealer networks. BPF is classified as a financial institution. In 2015, the partnerships that have been created since the signature of the framework agreement with Santander CF in 2014 were accounted for using the equity method.

The breakdown of revenue and recurring operating income/loss by division is as follows:

	Revenue			Recurring operating income (loss)		
(in million of euros)	**2015**	**2014(1)**	**Change**	**2015**	**2014(1)**	**Change**
Automotive Division	37,514	36,085	+1,429	1,871	63	+1,808
Faurecia	18,770	16,877	+1,893	830	595	+235
Other Businesses and eliminations(2)	(1,608)	(1,370)	-238	32	139	-107
TOTAL	**54,676**	**51,592**	**+3,084**	**2,733**	**797**	**+1,936**
Group sales *(in thousands of new vehicles)*	2,973	2,939	1.2%			

(1) Post IFRS 5 reclassification.
(2) Including Banque PSA Finance business not affected by the partnership agreement signed with Santander Consumer Finance.

Regarding segment information – business segments and principal markets – please refer to Note 4 to the 2015 consolidated financial statements (see Section 5.6 below, page 176).

Information on the revenue and results of the various operating segments is presented in Section 4.1 below, page 146.

1.4.1.1. AUTOMOTIVE DIVISION

1.4.1.1.1. Significant event of the sales activities in 2015

- PSA sold 2,973,000 vehicles, up 1.2% compared to 2014;
- Sales growth in Europe, Middle East & Africa and India-Pacific;
- Sales virtually stable in China over the year, with performance strengthening in the fourth quarter.

1.4.1.1.2. The Group's markets

Europe region

Group sales rose 5.9% over the year, to 1,864,000 units, with the pace of growth picking up in the fourth quarter.

Peugeot sales increased by 9.4% to 1,056,000 units, thanks in particular to the excellent performance of the Peugeot 308 (up 31%), supported by the solid results of the Peugeot 2008 (up 11% in its third consecutive year of growth) and the Peugeot 208 (up 10%). The 2008 and 308 were both in the top three of their respective segments in Europe. The most significant gains were made in the Netherlands (up 25% or 10,500 units), Spain (up 24% or 19,900 units), Italy (up 21% or 17,500 units) and France (up 7% or 23,900 units).

Citroën reported its highest volume of sales since 2012, with a faster 6% gain in the second half supporting full-year growth of 3% to 731,000 units. Registrations rose by 5% over the year as a whole (including a 7% increase in the second half). Citroën's sales volumes increased in major markets such as the United Kingdom, Spain, Italy and Germany, thanks to the success of both passenger cars (PC) — the C4 Cactus (82,000 units), the new C1 (60,000 units) and the C4 Picasso (113,000 units) — and commercial vehicles (CV), such as the segment-leading new Berlingo.

With volumes up 20.7% year-on-year in the fourth quarter, DS sold 76,500 units over the full year. Its momentum was led by new product launches, including the new DS 5 in June and the new DS 4 and DS 4 Crossback in the second half of the year, limited editions of the DS 3 and the expansion of the DS network, which now includes 17 DS Stores and 78 DS Salons in Europe.

China and Southeast Asia region

PSA sales were virtually stable (down 0.9%) at 736,000 units.

In a Chinese market where global brands experienced moderate growth over the year, the Group saw its sales jump 8.9% year-on-year in the fourth quarter, and maintained its focus on margins.

In China, Peugeot sales rose 6% to 408,000 units, placing Dongfeng Peugeot amongst the international brands with the strongest growth rate. This performance was underpinned by the success of the new Peugeot 408, sales of which increased by 68% in 2015 to more than 107,000 units. Another contributing factor was the implementation of innovative online platforms in cooperation with major Chinese e-commerce sites. Also worthy of note was the continued success of the Peugeot 3008 and the Peugeot 2008 in the SUV line-up, with over 110,000 vehicles sold during the year.

Citroën sold more than 300,000 vehicles in 2015, reflecting the fact that sales picked up by more than 10% in the fourth quarter. This trend was led by the success of the SUV C3-XR, launched at the beginning of the year and already ahead of target with 67,000 units sold, while the Citroën C-Elysée consolidated its status as Dongfeng Citroën's best-seller, with 90,000 units sold. The new C4 saloon introduced in October got off to an excellent start, with 8,000 units already sold. These performances drew on the excellence of the Dongfeng Citroën dealer network, which was ranked first in the 2015 JD Power Customer Satisfaction Index for the quality of its customer service.

China currently represents 21% of the DS brand's worldwide sales, or 21,500 units. Attesting to the market's enthusiasm for French luxury, the brand reported a 46% increase in deliveries to Chinese customers.

Middle East & Africa region

The Middle East & Africa region represents the Group's third largest market, with unit sales up 6.4% to 180,200.

PSA maintained its strong positions in a number of historical markets, ranking first in Tunisia and second in Algeria and Morocco.

Peugeot, which sold 117,000 units, advanced by 2.3% over the year. The brand strengthened its positions in Algeria, Morocco, Tunisia, the French overseas departments and Israel. Sales increased significantly in Turkey (up 40%), Israel (up 67%) and Mashreq (up 26%), thanks in particular to the results of the Peugeot 208, 301 and 308.

Citroën's sales rose 16.1% over the year to 61,500 units. The brand stepped up its positions in Algeria, Tunisia and Israel and saw a sharp increase in sales in Turkey (up 43%), Israel (up 79%) and Tunisia (up 29%), largely due to the success of the C-Elysée, Citroën's best-selling model in these countries.

DS pursued its expansion, most notably by announcing its entry into the Iranian market as well as the opening of DS Stores in Ankara and in Tunis — a first for the brand in Africa.

Latin America and Eurasia region

In Latin America and Eurasia, Group sales continued to be impacted by a highly challenging economic environment. In these regions, the Group remained focused on its margins and the local integration of its manufacturing operations.

Peugeot carried out several major launches in Latin America, introducing the Peugeot 2008 in Brazil over the course of the year and the new Peugeot 308 and 408 models in Argentina and Brazil in the last four months of 2015.

Peugeot sales surged 34% in Mexico, and increased 4% in Chile, in a market down 14%.

For its part, Citroën sold 56,600 units during the year and, in November, introduced the new C3 Aircross, a small crossover ideally suited to local market needs and manufactured at the Porto Real plant in Brazil.

India-Pacific region

In India-Pacific, the Group sold 23,800 units in 2015 thanks to strong contributions from the Peugeot 2008 and 308 models and the Citroën C4 Picasso. The 6.5% improvement was mainly driven by South Korea and Japan

1.4.1.1.3. CO_2 emission policy

PSA leads Europe in reducing CO_2 emissions

PSA recaptured its first place standing in reducing emissions at end 2015 in Europe, with an average of 104.4 grams of CO_2 per kilometre [(1)] (110.3 grams per kilometre in 2014) – source: AAA DATA -, compared with an average of 119.8 grams for the European market. Since 2008, the Group has gradually lowered its vehicle emissions by about 35 grams.

The Group is strongly committed to reducing its CO_2 emissions and endeavours to propose concrete solutions to meet tomorrow's challenges today. Each year, more than 50% of its R&D budget is invested in developing technologies aimed at improving the fuel and environmental performance of its vehicles.

PSA's top ranking is primarily the result of:

- its petrol-engine downsizing strategy and the introduction of new PureTech 3-cylinder petrol engines: in 2015, the turbo version was named "Engine of the Year" in the 1-litre to 1.4-litre category;
- the introduction of new-generation, fuel-efficient BlueHDi diesel engines, exemplified by a new fuel economy record established by the new Peugeot 208 BlueHDi 100 averaging just 2.0 litres per 100 km over a distance of 2,152 km.

Paired with these highly efficient engines, many Group models are low-carbon leaders in their category, with 27 diesel engines and 21 petrol engines across the three brands. For example:

- Peugeot 308, 1.2-litre PureTech, 110 hp, 95 grams of CO_2 per kilometre;
- Citroën C4 Picasso, 1.6-litre BlueHDi, 120 hp, 94 grams of CO_2 per kilometre;
- Citroën DS 3, 1.6-litre BlueHDi, 100 hp, 79 grams of CO_2 per kilometre.

The recent Peugeot 308 and Citroën C4 Picasso models (built on the new Efficient Modular Platform 2 (EMP2) and the Citroën C4 Cactus (launched in 2014) weigh significantly less than their predecessors, by 140 kilograms and 200 kilograms, respectively, which is a key factor in reducing emissions.

(1) Average homologated NEDC combined-cycle CO_2 emissions of PSA passenger cars registered in 2015 across 22 EU nations (excluding Greece, Croatia, Romania, Bulgaria, Cyprus and Malta).

1.4.1.1.4. Operating statistics

PSA GROUP – WORLDWIDE SALES

	PSA Region	Brands	2014 volume	2015 volume	%	%Chg
Assembled vehicles (AV)	China & Southeast Asia	Peugeot	393,508	412,063	13.86%	4.72%
		Citroën	321,602	302,198	10.16%	-6.03%
		DS	26,978	21,479	0.72%	-20.38%
		PSA	**742,088**	**735,740**	**24.75%**	**-0.86%**
	Eurasia	Peugeot	23,765	6,538	0.22%	-72.49%
		Citroën	19,198	5,374	0.18%	-72.01%
		DS	867	88	0.00%	-89.85%
		PSA	**43,830**	**12,000**	**0.40%**	**-72.62%**
	Europe	Peugeot	965,090	1,056,103	35.52%	9.43%
		Citroën	709,710	731,141	24.59%	3.02%
		DS	86,044	76,733	2.58%	-10.82%
		PSA	**1,760,844**	**1,863,977**	**62.70%**	**5.86%**
	India & Pacific	Peugeot	16,933	18,457	0.62%	9.00%
		Citroën	3,961	4,143	0.14%	4.59%
		DS	1,456	1,189	0.04%	-18.34%
		PSA	**22,350**	**23,789**	**0.80%**	**6.44%**
	Latin America	Peugeot	120,857	99,261	3.34%	-17.87%
		Citroën	77,827	56,613	1.90%	-27.26%
		DS	1,185	1,204	0.04%	1.60%
		PSA	**199,869**	**157,078**	**5.28%**	**-21.41%**
	Middle East & Africa	Peugeot	114,513	117,093	3.94%	2.25%
		Citroën	52,936	61,472	2.07%	16.13%
		DS	1,942	1,642	0.06%	-15.45%
		PSA	**169,391**	**180,207**	**6.06%**	**6.39%**
	TOTAL	Peugeot	1,634,666	1,709,515	57.50%	4.58%
		Citroën	1,185,234	1,160,941	39.05%	-2.05%
		DS	118,472	102,335	3.44%	-13.62%
		PSA	**2,938,372**	**2,972,791**	**99.99%**	**1.17%**
Completely knocked down units (CKD)	China & Southeast Asia	Peugeot	527	208	0.01%	-60.53%
		PSA	**527**	**208**	**0.01%**	**-60.53%**
Assembled vehicles + completely knocked down units (AV + CKD)		Peugeot	1,635,193	1,709,723	57.51%	4.56%
		Citroën	1,185,234	1,160,941	39.05%	-2.05%
		DS	118,472	102,335	3.44%	-13.62%
		PSA	**2,938,899**	**2,972,999**	**100.00%**	**1.16%**

PSA GROUP – WORLDWIDE CONSOLIDATED SALES PER MODEL

Brand	Model	2014 volume	2015 volume
Peugeot	iOn	800	1,600
	107	21,700	100
	108	44,100	67,500
	206	26,300	7,200
	207	14,100	1,000
	208	314,700	316,500
	2008	204,600	231,900
	301	110,400	102,900
	307	5,900	300
	308	296,600	345,700
	408	78,000	115,700
	3008	153,600	140,800
	4008	7,700	6,200
	508	74,300	68,000
	5008	35,800	33,600
	807	1,700	0
	RCZ	7,000	4,600
	Bipper	18,500	18,700
	Partner	134,700	142,900
	Expert	30,200	33,200
	Boxer	54,500	60,400
	308S	0	10,600
	Others	0	300
TOTAL		**1,635,200**	**1,709,700**

Brand		Model	2014 volume	2015 volume
Citroën		C-Zéro	600	1,400
		C1	62,500	62,100
		C3	182,900	162,300
		C3 Picasso	65,300	50,600
		ZX	26,100	3,900
		C-Elysée	125,700	116,800
		C3-XR	1,200	66,500
		C4 Cactus	43,900	87,300
		C4	251,200	191,700
		C4 Picasso	124,100	121,400
		C4 Aircross	14,600	13,900
		C5	53,300	35,500
		C8	1,600	0
		Nemo	17,000	19,000
		Berlingo	139,800	145,900
		Jumpy	28,000	30,100
		Jumper	47,400	52,400
		Others	0	100
TOTAL			**1,185,200**	**1,160,900**
DS		DS3	57,000	48,700
		DS4	21,700	18,800
		DS5	33,200	19,600
		DS6	6,600	15,200
TOTAL			**118,500**	**102,300**
PSA	Passenger cars (PC)		2,562,200	2,577,900
	Light Commercial Vehicle (LCV)		376,700	395,100
	PC+LCV of which: Petrol		1,532,300	1,543,200
	LPG		5,300	2,600
	Electric		2,300	3,600
	Diesel		1,386,600	1,417,700
	Hybrid		12,400	5,800
TOTAL PSA			**2,938,900**	**2,973,000**

1.4.1.1.5. Existing or planned material tangible fixed assets

In 2015, Europe accounted for 71% of the Group's production (about 46.3% in France), South America 4.2% and Asia 24.8%.

Manufacturing facilities

Assembly plants

Manufacturing centres	Models produced as at 31 December 2015	2014 Output	2015 Output
Madrid (Spain)	207 CC, C4 Cactus	59,900	87,300
Mangualde (Portugal)	Partner, Berlingo	53,500	46,600
Mulhouse (France)	2008, C4, DS4	246,900	255,400
Buenos Aires (Argentina)	207 HatchBack, 308, 408, C4 and C4 Lounge, Partner, Berlingo	57,600	56,900
Poissy (France)	208, C3, DS3, DS3 Cabrio	258,500	221,900
Porto Real (Brazil)	208, Novo C3, C3 Aircross, C3 Picasso	90,700	66,700
Rennes (France)	C5, C5 tourer, 508, 508 SW, 508 RXH, 508 HY	66,800	65,400
Sevelnord (France)	Expert, Jumpy	60,800	65,000
Sochaux (France)	308, 308 CC, 308 SW, 3008, 3008 HY, 5008, DS5, DS5 HY	313,900	364,700
Trnava (Slovakia)	208, C3 Picasso	255,200	303,100
Vigo (Spain)	301, C-Élysée, C4 Picasso, Grand C4 Picasso, Berlingo, Partner, Berlingo electric, Partner electric	379,100	407,100

Manufacturing component plant and foundries

Caen (France)	Chassis systems and transmissions
Charleville (France)	Aluminium and iron castings
Douvrin *Française de Mécanique* (France)	Petrol and diesel engines
Hérimoncourt (France)	Engines, gear boxes: small-scale assembly and reconditioning
Jeppener (Argentina)	Diesel, petrol 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* petrol engines
Saint-Ouen (France)	Stamping
Sept-Fons (France)	Iron castings
Trémery (France)	Petrol and diesel engines
Valenciennes (France)	Gear boxes

Subsidiaries jointly-owned with other car manufacturers

(situation at 31 December)	Production	2014 Output	2015 Output
Outside France			
Sevelsud, Società Europea Veicoli Leggeri (Italy)			
50% Peugeot Citroën Automobiles	Peugeot Boxer	50,620	50,940
50% Fiat	Citroën Jumper	44,830	57,320
	Total	**95,450**	**108,260**
DPCA, Dongfeng Peugeot Citroën Automobiles (Wuhan, China)			
50% Peugeot Citroën Automobiles			
50% Dongfeng Motors			
	New C-Elysée, 301 China, 308 China, New 308 China, C4 China Restyled, C4 Lounge, 408 China and new 408 China, 508 China, C5 China, 3008 China, 2008 China	718,200	688,300
	Total	**718,200**	**688,300**
TPCA, Toyota Peugeot Citroën Automobiles (Kolin, Czech Republic)			
50% Peugeot Citroën Automobiles	Peugeot 108	65,940	67,200
50% Toyota Motor Corporation	Citroën C1	64,650	60,630
	Total	**130,590**	**127,830**
PCMA Rus (Kaluga, Russia)			
70% Peugeot Citroën Automobiles			
30% Mitsubishi Motors Company (MMC)	Citroën C4 L, Peugeot 408	13,320	4,910
	Total	**13,320**	**4,910**
CAPSA, Changan PSA Auto Company Ltd (Shenzhen, China)			
50% Peugeot Citroën Automobiles	DS5	7,950	1,240
50% Changan	DS5 LS, DS6 WR	18,360	21,120
	Total	**26,310**	**22,360**
Other joint ventures			
Okazaki (Japan)			
Mitsubishi Motors Company cooperation agreement	Citroën C4 Aircross, Peugeot 4008	20,400	19,200
Mizushima (Japan)			
Mitsubishi Motors Company cooperation agreement	Citroën C-Zéro, Peugeot iOn	1,170	3,360
Bursa (Turkey)			
Fiat and Tofas cooperation agreement	Citroën Nemo, Peugeot Bipper	34,230	36,900
Graz (Austria)			
Magna Steyr cooperation agreement	Peugeot RCZ	6,660	4,190

For more information on property, plant and equipment, please refer to Note 8.2 to the 2015 consolidated financial statements (see Section 5.6 below).

Spare parts

At 31 December 2015, 24 spare parts warehouses – Vesoul (France), Natolin (Poland), Pinto[1] (Spain), Pregnana (Italy), Rieste (Germany), Spillern (Austria), Tile Hill (the United Kingdom), Barueri (Brazil), Pacheco (Argentina), Santiago (Chile), Toluca (Mexico), Moscou (Russia), Kiev (Ukraine), Boufarik (Algeria), Istanbul (Turkey), Johannesburg (South Africa), Shimizu (Japan), Wuhan (China-DPCA), Shanghai (China-DPCA), Beijing (China-DPCA), Chengdu (China-DPCA), Guangzhou (China-DPCA), Shanghai (China-CAPSA) and Shenzhen (China-CAPSA) – manage 275,000 SKUs.

The environmental issues that may influence the use of these assets by PSA are presented below in Section 2.

1.4.1.2. FAURECIA

The automotive equipment maker Faurecia[2] focuses on a targeted number of key automotive businesses. In each of its business lines – automotive seating, interior systems, automotive exteriors and Emissions Control Technologies – Faurecia is in the top three global leaders.

Following the conversion of Faurecia's OCEANE bonds, as at 31 December 2015, Peugeot S.A. held 46.62% of Faurecia's capital and 63.21% of its voting rights.

With 330 production sites in 34 countries, Faurecia does business on every continent.

It employs 103,000 people worldwide.

Faurecia achieves its revenue primarily on the basis of product sales (parts and component deliveries to car manufacturers). The Group also generates revenues from two other sources. The Group sells monoliths, which are components used in catalytic converters for exhaust streams (classified under Emissions Control Technologies). Monoliths are billed to the car manufacturers at production cost (pass-through basis) and integrated in the exhaust streams by Faurecia as part of global contracts. The Group also generates income from the sale of equipment, R&D and prototypes.

For more information on Faurecia's earnings, please refer to Section 4.1.7 and Note 4 to the 2015 consolidated financial statements (see Section 5.6 below).

1.4.1.2.1. 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. 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.

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 car manufacturers in their search for new engine configurations by pioneering innovative technological solutions like the diesel particulate filter.

Interior Systems

A world leader in this business, Faurecia designs and produces instrument panels, central consoles and door panels that meet both the expectations of car buyers and the requirements of car manufacturers. It offers advanced solutions in the areas of passenger safety, interior fittings and weight reduction.

Automotive Exteriors

On 14 December 2015, Faurecia signed a Memorandum of Understanding (MoU) with Plastic Omnium for the disposal of its Automotive Exteriors business. The business covered by this MoU is comprised of bumpers and front end modules. For more information on this MoU and its effects, please refer to Section 4.1.7 below.

1.4.1.2.2. Industrial footprint

Working with almost all of the world's car manufacturers, Faurecia's production facilities are found across the world. In 2015, Faurecia's product sales by region were as follows: 53.7% in Europe, 27.6% in North America, 14.9% in Asia, 2.8% in Latin America and 1.0% in other countries.

Faurecia can adapt its worldwide production facilities to fit the needs and expectations of car manufacturers. 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.

1.4.1.2.3. Customers

In 2015, Faurecia continued to diversify its customer base, with the Volkswagen group remaining Faurecia's largest customer, accounting for 22.7% of product sales. Ford accounts for 15.9% of product sales, PSA 13.3%, Renault Nissan 12.7%, GM 7.6%, Daimler 7.1% and BMW 6.0%.

1.4.1.3. BANQUE PSA FINANCE

100% directly controlled by companies in the PSA Group and closely associated with the sales policies of the Peugeot, Citroën and DS brands, Banque PSA Finance (BPF)[3] distributes, directly or through partners, financing and services offers to promote vehicle sales by the three brands' dealers in 23 countries.

It also provides dealers of the brands with financing for their inventories of new and used vehicles and spare parts, along with other financing such as for working capital.

It offers individuals and businesses a complete range of financing, services and savings products.

Through its organisational structure, Banque PSA Finance's loan approval process is totally independent of the three brands and of the dealer network, and dealers are unable to exert any influence on the approval decision.

BPF's commercial offer will typically tie insurance and services into the financing package in order to best meet the increasing mobility needs of individuals or companies.

(1) Site closed on 1 January 2016. The majority of the inventories were transferred to the plant in Madrid (Villaverde) in 2015.

(2) For more information on Faurecia, please visit the website www.faurecia.fr and consult Faurecia's 2015 Registration Document.

(3) For more information on BPF, please visit the website www.banquepsafinance.com and consult Banque PSA Finance's 2015 Registration Document.

In its main markets, Banque PSA Finance carries out its activities directly, through joint ventures (50/50 or less) with banks or other car manufacturers, or through other forms of partnership:

- Joint ventures:
  - with SCF in Europe since 2015 and in 2016: Germany, Austria, Belgium/Luxembourg, Spain, France, Italy, Netherlands, Poland, United Kingdom and Switzerland,
  - in China with the car manufacturer DONGFENG and DONGFENG PEUGEOT CITROËN AUTOMOTIVE,
  - in Brazil with BANCO SANTANDER BRASIL during the first-half 2016,
  - in Argentina with BBVA;
- Partnerships with partner bank groups that handle most of the refinancing efforts and back office management:
  - in Turkey with TEB CETELEM,
  - in Czech Republic and Slovakia with CSOB,
  - in Mexico with BNP PARIBAS;
- Commercial partnerships with Santander Consumer Finance: in Portugal;
- Directly: in Russia.

1.4.1.3.1. Cooperation with the Santander Group

In Europe:

On February 2014, PSA Group and Banque PSA Finance announced that they had entered into exclusive negotiations with Santander Consumer Finance (SCF) to form a 50/50 partnership for developing BPF's business in Europe. A framework agreement was signed on 10 July 2014 to create a European partnership involving 11 European countries. Subject to the approval of competition and regulation authorities in the main countries, the transactions started in early 2015 and will continue in 2016. The newly formed operating companies will be accounted for by BPF using the equity method.

The partnership is now operational in seven European countries, representing 79% of the target area. The launch of the activities in the last four countries should be finalised in 2016 (Germany, Austria, Belgium and Poland). In 2015, the partnership already significantly strengthened the competitiveness of the Group's brands, improving their penetration of the auto financing market. It creates a sustainable and dynamic captive financing activity for the Group with competitive offers dedicated to the brands and their customers.

Cooperation is or will be implemented in each country through the legal transactions described below.

SCF's investment in existing entities

- In France, the entity has been operational since 2 February 2015. SCF acquired a 50% interest in SOFIB which now wholly owns Crédipar. CLV is still wholly owned by Crédipar.
- In the United Kingdom, the entity has been operational since 3 February 2015. SCF acquired a 50% interest in the existing UK subsidiary of BPF, to which the activities of the existing UK branch of BPF had previously been transferred.
- In Switzerland, the entity has been operational since 1 October 2015. The capital of BPF's existing subsidiary was transferred to the newly created Spanish joint venture 50% owned by BPF and 50% owned by SCF.
- In the Netherlands, the new entity has been operational since 1 February 2016 and is 50% owned by BPF and 50% by SCF.
- In Belgium, SCF acquired a 50% interest in the existing Belgian subsidiary during the first half of 2016.

SCF's investment in newly created entities

- Excluding financial services, two subsidiaries started operations in Malta on 1 May 2015, which were established as insurance companies 50% owned by BPF and 50% owned by SCF.
- In Spain, the new entity started operations on 1 October 2015 and received the activities of the existing Spanish branch of BPF. This new Spanish subsidiary is 50% owned by BPF and 50% owned by SCF.
- In Italy, the new entity which started operations on 1 January 2016 is 50% owned by BPF and 50% owned by SCF. It received the business activities which were transferred from the existing Italian branch of BPF.
- In Germany, the new company, 50% owned by BPF and 50% owned by SCF, has already received the approval of the competition authorities and the ECB. It will become operational in the third quarter of 2016 and will receive the activities transferred from the existing German branch of BPF.
- In Austria, the new company has already received the approval of the competition authorities and the ECB. It will become operational in the third quarter of 2016 and will receive the activities of the existing Austrian branch of BPF. This entity will be a branch of the new German entity.

Commercial cooperation

In Portugal, the existing Portuguese branch and subsidiary of BPF were sold on 1 August to SCF. A commercial cooperation agreement was also signed on the same date between BPF and SCF.

SCF's investment in Poland

In Poland, SCF will acquire a 50% interest in the existing Poland subsidiary. The cooperation between BPF and SCF will start in the second half of 2016.

In Latin America:

In Brazil, a framework agreement was signed on 24 July 2015 between Banque PSA Finance and Banco Santander Brasil to develop a partnership between the two groups. The new entity should start operations in the first half of 2016. In this transaction, Banco Santander Brasil will acquire shares of BPF's financial companies in Brazil. The partnership will take the form of a financial company, 50/50 owned by Banque PSA Finance and Banco Santander Brazil.

1.4.1.3.2. Other markets

Turkey

Banque PSA markets its financing and insurance products offer in cooperation with its partner TEB CETELEM which carries the related receivables outstanding. On 14 December 2015, it sold its banking license FINANS BANK.

Croatia

On 18 November 2015, Banque PSA Finance signed the sale agreement for its portfolio of receivables from dealers and end customers to Splitska Banka, a local subsidiary of Société Générale. The sale took effect on 31 January 2016. On that same date, Banque PSA Finance initiated proceedings to liquidate its local subsidiary.

Slovenia

On 18 November 2015, Banque PSA Finance signed the sale agreement for its local subsidiary to SKB, a subsidiary of Société Générale. This sale is effective as of 1 March 2016.

China

In early 2015, BPF and the car manufacturer DPCA strengthened their collaboration by transferring interests in their local joint venture DPCAFC which resulted in a redistribution of its capital, i.e., 50% owned by DPCA, 25% by the Dongfeng Group and 25% by BPF.

1.4.1.3.3. Refinancing strategy

The financing strategy of Banque PSA Finance is defined under the direction of the governing bodies of Banque PSA Finance.

The implementation of the partnership between BPF and Santander Consumer Finance (SCF and its affiliates) in 11 countries has led to BPF redefining its refinancing strategy. BPF finances continuing operations (countries outside the scope of the framework agreement with SCF) and temporarily the activities to be transferred to the partnership entities until these entities become operational. After that time, the partnership entities are no longer financed by BPF.

In this context, BPF conducted several active debt management transactions in 2015:

- signing of a new syndicated loan in the amount of €700 million maturing in five years;
- repayment and cancellation of the previous syndicated loans for a total amount of €7,245 million;
- redemption of several of its existing bonds for a total amount of €1,893 million, including €1,243 million guaranteed by the French government.

The new syndicated loan agreement revised the previous covenants by notably eliminating the requirement to retain the option of a guarantee from the French government for future bond issues.

BPF's refinancing policy chiefly aims to support and secure the launch of the latest partnership entities between BPF and SCF.

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, synchronising the maturities of its liabilities and assets, and hedging its exposure to currency and interest rate risks.

BPF's refinancing facilities have maturities that cover the maturities of the retail loan portfolio. In addition to facilities that have been drawn down, undrawn credit facilities have been arranged bilaterally or with syndicates of leading banks. The bank also has cash reserves of €545 million, including €401 million in high quality liquid assets as at 31 December 2015, before weighing for the calculation of the Liquidity Coverage Ratio (LCR).

The delegated act of the European Commission in accordance with Article 460 of Regulation (EU) No. 575/2013 was published in the Official Journal of legal announcements of the European Union on 17 January 2015. It confirmed the Liquidity Coverage Ratio requirement would become effective on 1 October 2015. Banque PSA Finance set up the monthly calculation of this ratio in 2014. At 31 December 2015, its LCR was 215%.

The new structure led to a sharp reduction in BPF's financing needs and related liquidity reserves. These starts also allowed Banque PSA Finance to announce that it would no longer use the French government's guarantee for new bond issues.

In all, as in prior years, these facilities are sufficient to cover over six months of financing needs.

At 31 December 2015, 20% of the financing was provided by bank facilities, 29% by the capital markets, 18% by securitisation transactions, 7% by "others financing" (none of public origin such as the ECB), and 26% by the savings business. At 31 December 2014, these sources provided 27%, 27%, 28%, 8% (7% of public origin) and 10% of our financing, respectively. The renewal of bank facilities linked to the deposit business, securitisation, and the outstanding bonds ensure BPF's funding for at least the 12 coming months and until the closing of transactions with Santander Consumer Finance.

For more information on Banque PSA Finance's earnings, please refer to Section 4.1.6 and Note 4 to the 2015 consolidated financial statements (see Section 5.6 below).

1.4.1.3.4. Financial services to end customers

Financial services to end customers, which include financing for Corporates Excluding Dealers and Equivalent and non-corporate Retail financing, represented 70.9% of Banque PSA Finance's total loans outstanding, or €15,119 million at 31 December 2015 versus €15,130 million at 31 December 2014, under IFRS 8 (loans outstanding of this type amounted to €331 million, or 72% of total loans outstanding, under IFRS 5).

Banque PSA Finance serves both individuals and corporate fleets with:

- loans to purchase new and used cars;
- short- and long-term operating leases (rental);
- finance leases (vehicles sold 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, Citroën and DS brands, Banque PSA Finance offers diversified financing products and services, as well as bundled offers, that together with the three brands provide a comprehensive range of mobility solutions.

The bank's penetration rate among buyers of new Peugeots, Citroëns and DSs reached 29.9% in 2015 vs. 28.7% in 2014.

1.4.1.3.5. Wholesale financing

Banque PSA Finance provides financing for new and demonstration vehicles and spare parts for the three brands' dealer networks.

At 31 December 2015, wholesale financing represented 29.1% of Banque PSA Finance's total loans outstanding, or €6,217 million under IFRS 8 (loans outstanding of this type amounted to €129 million, or 28% of total loans outstanding, under IFRS 5).

As financial partner of the dealer networks, Banque PSA Finance services also include helping the dealers manage, track and control their financial risks in line with country-specific developments.

1.4.1.3.6. Insurance and services

In addition to retail lending, every year BPF expands its offering with insurance products (credit insurance, private health insurance, auto insurance, etc.) and automotive services coordinated with Peugeot, Citroën and DS (extended warranties, maintenance contracts, roadside assistance, etc.).

Due to BPF's growth in these business lines, in 2009 PSA and BPF created PSA Insurance, a business unit that brings together the skills and knowledge necessary to develop and properly manage this particular strategic business for BPF and the Peugeot, Citroën and DS brands. Through all the BPF subsidiaries and branches, PSA Insurance designs and distributes a full range of insurance products and services in collaboration with its own insurance companies or in partnership with major insurance carriers.

The agreement signed between Santander, the Group and Banque PSA Finance on 10 July 2014 provides for the formation of two insurance joint ventures intended to purchase insurance products marketed by the new financing structures. The 50/50 insurance joint ventures (PSA Insurance Europe and PSA Life Insurance Europe) are accounted for using the equity method. They began operations on 1 May 2015 and distribute insurance products in France, the United Kingdom, Spain, Portugal and Italy on a freedom to provide services basis. The wholly owned insurance companies (PSA Insurance and PSA Life Insurance) created in 2009 remain in operation until the end of their contractual commitments.

In 2015, BPF sold 1,500,000 insurance policies and/or services, or on average two contracts per customer financed, which marked a sharp 5.2 point increase in market penetration over 2014. The contribution of this business to BPF's recurring operating income was €157 million under IFRS 8 (€47 million under IFRS 5).

2015 was the sixth year running of sales growth for this strategic business.

1.4.2. The Group's strategic trends

1.4.2.1. THE "BACK IN THE RACE" PLAN TO STEP UP THE GROUP'S RECONSTRUCTION

The 2014-2018 "Back in the Race" roadmap designed to ensure the Group's reconstruction, which includes three metrics, presented in April 2014 by Carlos Tavares, Chairman of the Managing Board: positive, recurring operating free cash flow by 2016 at the latest, a combined Group operating free cash flow of €2 billion for the period 2016-2018 and an operating margin of 2% for the Automotive Division by 2018, with an objective of 5% during the next medium-term plan (2019-2023) was achieved starting in 2015.

PSA completed its reconstruction plan in advance and all objectives were exceeded. This can be illustrated with three figures:

- €6 billion of operating free cash flow were generated during the two years of the "Back in the Race" plan;
- At 31 December 2015 the Group had on hand nearly €5 billion in net cash;
- The Automotive operating margin stood at 5%.

The development of a performance culture in the Group, with a global approach, can be seen in the results for the four operational objectives set out in the "Back in the Race" plan:

- strengthen the DNA of the three brands—Peugeot, Citroën and DS—and increase their value: a long-term strategy that is already showing results, in that the pricing power of the three brands has been increasing, faster than projected;
- execute a core model strategy worldwide: rolling out world vehicles manufactured on a highly targeted portfolio of technologies permitted the Group to do more with each euro invested;
- ensure profitable growth throughout the world: all regions saw their profitability improve significantly; and Latin America, which had been plagued with losses, turned profitable;
- lastly, improve the Group's competitiveness: In 2015, the threshold for profitability in the Automotive Division was reduced to 1.6 million vehicles, or one million less than in 2013.

For more information, please refer to Section 4.6 below in "Trend Information" on page 161.

The Group will present its strategic plan for profitable growth, "Push to Pass", on 5 April 2016.

1.4.2.2. IMPLEMENTATION AND EXTENSION OF THE STRATEGIC PARTNERSHIP BETWEEN BANQUE PSA FINANCE AND SANTANDER CONSUMER FINANCE

The partnership agreement signed in July 2014 between Banque PSA Finance and Santander Consumer Finance and related to the creation of dedicated local partnerships or commercial agreements in eleven European countries, and the agreement signed on 24 July 2015 with Banco Santander Brazil, reinforce the competitiveness of the three PSA brands in Europe and Brazil.

On 1 February 2016, seven joint ventures began operations in seven European countries, representing 79% of the scope of the partnership agreement.

For more information on this partnership, please refer to Section 1.4.1.3.1 above.

1.5. RISK FACTORS

PSA conducts its activities in an environment subject to profound changes with respect to technology, consumption patterns and new competitive forces in the automotive industry. It is therefore exposed to risks that, if materialised, could have a significant adverse effect on its business, financial position, earnings or outlook. This section presents the main risks the Group believes it is exposed to at the date of this Registration Document.

The various operating units of the Group identify and assess risks and evaluate the related internal controls on an ongoing basis, in France and abroad (except Faurecia which has its own system), and report thereon to the Executive Committee on an annual basis.

In addition, the Group conducted a series of interviews with outside observers to obtain a realistic and relevant perspective as to its ability to address these risks in its environment.

However, other risks may exist or occur, which are either not known to the Group at the date of this Registration Document or whose realisation has not been deemed likely to have a material adverse effect on the Group, its business, financial position, earnings or outlook.

For more detailed information on risk management, please refer to Section 3.2.2, page 127 of this Registration Document.

1.5.1. Operational risks

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

Risk factors

In 2015, the Group's earnings were still largely dependent on the European market and to a lesser extent the Chinese market whose growth significantly decelerated.

Furthermore, the Group's activities particularly in the Russian, Brazilian and Argentinian markets naturally exposed it to exogenous risks such as currency risk, adverse changes in tax and/or customs regulations, and geopolitical events.

Nevertheless, the Group's international expansion led this year to a strong involvement in the Maghreb countries and the Mediterranean region (particularly the announcement of a plant in Morocco and the signing of a joint venture agreement to produce latest-generation vehicles in Iran).

Risk management and control processes

In 2015, the continuation of the "Back in the Race" plan, which was built around four operational objectives (a clear differentiation of the three brands; a focused, targeted global product plan more aligned with market demand; modernising to improve competitiveness, especially in Europe) gave notable results.

The optimisation of the European production processes through the conversion of fixed costs to variable costs and the reduction in production costs led to a significant decline in the breakeven point in the European market.

This same approach is being implemented in China to address the market downturn.

This plan was also applied to other regions by taking into account specific local risks: objectives focusing on local integration in Latin America and Russia, tightening of the import flow decision criteria for vehicles assembled for the Brazilian and Argentinian markets.

The Purchasing and Finance Departments continued to strengthen the natural hedging processes in all the regions where the Group's cash flows are material.

1.5.1.2. 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 carried out several years prior to their actual launch. In the context of an increasingly responsive automotive market, this time gap puts forecast volumes at risk and ultimately generates a financial risk (loss of value of fixed assets, payables to suppliers who would have invested based on estimated volumes).

The development of vehicles and subassemblies is exposed to continuous changes in regulations which impose increasingly stringent requirements, particularly in terms of fuel economy and CO_2 emissions (Euro 6.2, Innovar in Brazil, Beijing 6 in China).

For more information on the Group's policy on fuel economy and CO_2 emissions, please refer to Sections 1.4.1.1.3. and 4.5.3.1. above of this Registration Document.

These changes together with heavy consumerist tendencies may determine structural modifications in the market (for example, the petrol/diesel mix in the French market), to which the manufacturing facilities are not always adapted straight away.

Technical risks related to product quality and safety can lead car manufacturers to recall vehicles.

Risk management and control processes

The Automotive Programmes Department aims to translate the Group's strategy into product plans and ensure their implementation by steering the development of vehicle and subassembly programmes and being responsible for their economic performance. The Automotive Programmes Department created a "Strategy" unit that anticipates changes in market structure. For example, this structure has enabled the Group to hedge the risk of shortage of petrol engines (in the event the diesel market would deteriorate very quickly).

The Group relies on an operational development plan, regularly updated and optimised, thanks to project experience feedback conducted in cooperation with our partner car manufacturers. For each vehicle and subassembly project, a set of product services, profitability, quality and time-to-market objectives are set. Progress in meeting these objectives is ensured by a system of project milestones approved by the Executive Committee. In addition, the Quality Department authorises (or refuses) the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to dealers or customers.

The Group attaches the utmost importance to exchanges with regulatory authorities to anticipate design plans and capital expenditures required to meet scheduled changes in regulations.

Concerning the approval of its vehicles by regulatory authorities, the Group notes that they comply with pollutant emissions requirements.

PSA introduced a BlueHDi after-treatment system with Selective Catalytic Reduction (SCR) positioned upstream of the particulate filter, that treats nitrogen oxides (NO_x) emitted by diesel engines. This technology has been deployed since late 2013 on all Euro6 Diesel vehicles of the Group.

This unique solution, launched in late 2013, well before the current regulations become effective (September 2015), has been gradually extended to all the Group's Diesel vehicles (Euro 6.1). It is currently used by all passenger vehicles manufactured by the Group, so as to reduce NO_x emissions to levels close to those of petrol vehicles, while retaining the advantage in terms of CO_2 emissions (15%) and fuel economy in litres per 100 km (20%) of the Diesel engine.

The investments made in the development of the SCR solution totalled several hundred million euros, and involved around one hundred patents. The generalisation of this technology led to the standardisation of development costs and lower additional costs for consumers.

SCR is an evolving technology with potential for material improvements in efficiency and cost effectiveness in September 2017 (Euro 6.2).

The automotive sector continues to be monitored for its pollutant emissions and fuel economy by the relevant authorities in many countries, where investigations and inspections are ongoing such as the tests conducted in France by UTAC at the request of the technical committee chaired by the French Minister of Ecology.

1.5.1.3. RISKS RELATED TO THE EMERGENCE OF NEW BUSINESS MODELS FOR NEW MOBILITY

Risk factors

The market shows a strong trend towards new forms of mobility such as car-sharing, car-pooling, and connected services.

This creates opportunities that are also available to new market entrants, mostly from the Internet industry. These players from outside the automotive industry seek a positioning in the automotive value chain that directly competes with the "natural" place of car manufacturers and helps said players take advantage of the margins offered by the new technologies.

Insufficient control of the advances of these new players or the absence of the Group from these new markets and consequently its lack of exposure to these new business models would represent a risk to the Group.

Risk management and control processes

The creation of a "Vehicles and Connected Services" business unit in early 2014 addressed the need for the Group to participate in a strong and visible manner to the mobility and future networked services value chain.

The Group decided to position itself in four areas:

- B2C car-sharing;
- B2B car-sharing and connected fleet management;
- smart services: with all advanced mobile services to customers, by creating an ecosystem with other partners;
- data services by developing services to B2B customers such as insurance companies and cities.

1.5.1.4. CUSTOMER AND DEALER RISK

Risk factors

The Group is exposed to the risk of customer and dealer 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.

The provisions and charges recorded to cover this risk are presented in Note 13.3 for Banque PSA Finance and Note 6.2 for the manufacturing and sales companies in the notes to the 2015 consolidated financial statements, Section 5.6 below, on pages 233 and 191, respectively.

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 paragraph 1.5.3 below).

For Automotive Division sales not financed by Banque PSA Finance, 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, spare parts, CKD - Complete Knock Down or subassemblies); and (ii) the level of approval required for granting special dispensation from the rules set out in the standard. Among these rules, protection mechanisms must be set up to fully guarantee the payment of amounts owed by foreign importers. Exemptions granted are subject to formal validation depending on authorised open credit limits. The Group is monitoring outstandings against authorised limits on an ongoing basis.

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.

1.5.1.5. RAW MATERIALS RISK

Risk factors

The Group's Automotive Division is exposed to raw materials risks through its direct and indirect purchases of raw materials. In 2015, purchases of raw materials for Europe amounted to nearly €5 billion (or just over 30% of the purchasing budget).

The purchase prices of raw materials are either negotiated between purchasing officers and vendors, as in the case of steel and plastics, or are based directly on quoted market prices for commodities traded on organised markets, such as aluminium, copper, lead or precious metals. The raw materials used, in declining order of their impact, are:

- for materials with negotiated purchase prices: steel (34% of total raw material series purchasing costs), thermoplastics and elastomers (27%);
- for traded commodities: aluminium (8%), precious metals (2%) and non-ferrous metals (copper, zinc, lead) (3%).

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

1. supply risk related to the availability of materials;
2. economic risk related to price fluctuations that could not be further passed on to the Group's product selling prices.

Risk management and control processes

In response to these two related risks, the Purchasing Department aims to fully leverage a number of measures, in particular: optimising global sourcing, using bulk purchases, increasing flexibility in terms of substitute materials, using recycled and green materials, recovering and reusing by-products and implementing financial hedges.

The implementation of this raw materials strategy is managed during quarterly reviews chaired by the Director of Research and Development and the Director of Group Purchasing. It is deployed by technical Purchasing units organised by material, which are responsible for implementing the action measures and regularly monitoring the supply risks.

In order to limit the economic risk of traded commodities, the Group set up a hedging management, steering and monitoring process since 2009 via the Metal Committee. This body is run by the Finance Department and Purchasing Department: it conducts quarterly reviews to decide on positions according to established governance rules. The Group does not use speculative hedging. The Audit and Risk management Department regularly audits this process.

For additional information, please refer to Note 12.7 to the consolidated financial statements at 31 December 2015, in Section 5.6 below.

1.5.1.6. SUPPLIER RISK

Risk factors

Given that the parts and components purchased from suppliers represent more than 75% of a vehicle's production cost. These companies' technical, quality, logistical and financial performances are essential to the Group's overall performance. Failure by suppliers to fulfil their commitments, even for a seemingly minor component, could lead to a serious risk of production stoppages (component used in the production cycle) and delays in the commercial launch of new vehicles (component used in the developing cycle).

Risk management and control processes

Suppliers are evaluated, selected and monitored according to various criteria including: competitiveness, quality, logistics performance, the ability to develop new products and manufacture them in large quantities, sustainability, and social and environmental responsibility (CSR).

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. World-class automotive suppliers were invited by car manufacturers to support their global expansion. These suppliers have become leading economic players whose responsibility weighs heavily on the subcontracting chain. In view of this risk, the Group implemented operating procedures with these global players that ensure a quality long-term relationship and involve said suppliers in the process of managing any risks (including CSR risks) that may occur across the subcontracting chain.

In addition, dedicated teams are responsible for preventive and curative managing of the risks related to supplies' quality, logistics and sustainability.

The Purchasing Department analyses the financial results of the Group's main suppliers and compiles information about their industrial strategies, assesses the impact on the supplier base of PSA's "make-or-buy policy", analyses the socio-economic impacts of industrial choices and verifies that suppliers comply with the Group's social and environmental specifications.

This analysis is used to avoid allocating new markets to suppliers facing difficulties and to identify any suppliers at a high risk of default (financial health, shareholders' ethics, etc.). The situation of the suppliers at a high risk of default is reported to the Purchasing Management Committee on a monthly basis, which validates any action plans and may suggest measures to support supplier liquidity (temporary reduction of payment terms) or achieve security of supply (doubling production, search for potential buyers or investors, etc.). PSA has set up a flexible organisation and scalable processes to ensure that contractual payment terms agreed upon with its suppliers are strongly respected. It has also put in place a dedicated process to address late payments. This is used to identify the causes of any recurring delays and provide the necessary structural responses.

In 2015, the curative monitoring of suppliers at a high risk of default based on financial criteria covered 45 companies representing approximately 9% of the purchasing costs.

Thanks to this strategy, the Group had no production stoppage due to supplier default in 2015.

1.5.1.7. INDUSTRIAL RISKS

Risk factors

A major incident (such as a fire or explosion) at a manufacturing site could compromise the production and sale of several hundred thousand vehicles.

Risk management and control processes

The Group has implemented steps to lower the probability of occurrence of undesirable events and mitigate potential impacts on human, environmental and economic resources.

Actions to manage risks and promote business continuity are conducted at each organisation by the operating entities assisted by risk management experts and the various business lines involved.

The low number of claims and the continued reduction in the number of incidents have proved the effectiveness of the measures in place. Thirty-three of the Group's manufacturing plants (representing 82% of the insured values) are partially or fully certified as "Highly Protected Risk" property.

The risk management processes and associated best practices are also implemented for new technical centres or manufacturing sites.

In the specific area of manufacturing processes, the regional risk management system is built on three pillars: the PSA Excellence System, combined with the dynamics of convergence to plant excellence, the global risk management system and the manufacturing management control system. These three systems cover, monitor and manage all major risks identified within the Industrial Division throughout the year.

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, Annex X, "Conformity of production procedures".

1.5.1.8. ENVIRONMENTAL RISKS

Risk factors

The Group may be exposed to environmental risks arising from its manufacturing and sales activities. It should be noted that no Group establishment falls within the scope of the regulation on industrial hazards (the Seveso Directive).

Risk management and control processes

The Industrial Environment Department coordinates the deployment of the Group's environmental policy for manufacturing and research sites which aims to reduce the environmental impact of the Group's facilities. This unit manages a centralised reporting system monitoring each facility's environmental performance and promotes continuous improvement initiatives.

At each major site, an "environment" team is dedicated to the operational management of all environmental risks – a specific annual investment plan accompanies the rollout of the certification programme and appropriate methodologies are deployed (ISO 14001, REACH European regulations, Classification, Labelling, Packaging regulation).

For more information on the environmental risk provision and the Group's ISO 14001 certification process, please refer to Section 2.2.2 below (page 35).

1.5.1.9. WORKPLACE HEALTH AND SAFETY RISKS

Risk factors

The Group is faced with a wide range of situations that could affect employee health, safety and well-being.

Working conditions can cause situations of stress or discomfort that, in addition to their impact on health, can directly influence employee commitment. Shiftwork, involving physical demands, is the main cause of occupational illnesses.

Moreover, commuting inside and outside of the Group's facilities may cause workplace or commuting accidents.

Lastly, the use or presence of certain chemicals in production processes may lead to risks related to air quality, generate pollution or create a risk of explosion.

Risk management and control processes

In line with its ambition to promote Responsible Development, the Group relies on a Workplace Health and Safety Management System consisting of 22 requirements applicable to all entities and subsidiaries (see Section 2.4.4.1).

The system requirements aim to:

- reduce the risk of workplace accidents and occupational illnesses (for example, the implementation of a road risk prevention charter to prevent travel risk, ergonomic workstation design);
- improve safety and well-being at work, particularly through stress detection measures (prevention of psychosocial risks).

This system is based primarily on the firm, regularly renewed commitment from the executive management, a structured approach and ownership tools that allow all employees to take control of their health and safety during daily activities.

1.5.1.10. RISKS ASSOCIATED WITH THE COOPERATION AGREEMENTS

Risk factors

To speed up its development and bring down engineering and production costs, the Group has implemented a policy of entering into cooperation agreements with other car manufacturers for both vehicle platforms and subassemblies. In addition, the Group regularly grants manufacturing licences to certain industrial partners. For more information on partnerships, please refer to Section 1.4.1.1.5 above.

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. In the negotiation phase, there is a risk that the Group could misjudge contractual risks.

Once a cooperation agreement has been signed, the risks faced by the Group are mainly financial, i.e. penalties may be imposed in the event of a breach of take-or-pay clauses for vehicles or subassemblies, or to offset the negative impact on component purchase prices caused by reductions in volumes, or overruns or overestimates in respect of R&D expenditure or investments when the partner is acting as project manager.

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 licences to a third party without any consideration for the Group or the risk of a partner manufacturing faulty products, which would require PSA to undertake remedial action products.

Regarding the reinforcement of the partnership with Dongfeng, please refer to Section 1.5.1.11 below for more information.

Risk management and control processes

To reduce its risk in negotiating contracts, the Group uses control procedures applied to strategic projects via strict rules in terms of contract management. These procedures lay down the terms of accountability, sequencing (mandate and framing, monitoring of negotiations, validation before signature, overseeing contract execution) and approval (Executive Committee, Managing Board).

At operational level, Corporate Finance and the Programmes Department use 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 allow regular reviews and shared decision-making, notably concerning action plans aimed at rectifying any potential situations of contractual non-compliance and as such mitigating the related risks.

For more details, please refer to Note 8.3 to the 2015 consolidated financial statements, Section 5.6 below, page 203.

1.5.1.11. RISKS RELATED TO THE STRATEGIC PARTNERSHIP WITH DONGFENG

PSA and Dongfeng Motor Group Company Limited celebrated the first anniversary of their partnership in 2015. Its place among the leading Chinese car manufacturers makes Dongfeng Motor Group Company Limited a strategic partner for the Group which aims to enhance its industrial footprint in China and ASEAN countries and thus improve its competitiveness.

Risk factors

The Group believes that the reinforcement of the partnership with Dongfeng Motor Group Company Limited should generate synergies of approximately €400 million per year for the Company by 2020. However, the amount and timing of the synergies announced are based on a certain number of assumptions, which may not be realised. Thus, these synergies are based on the successful implementation of the subsequent steps of the industrial and commercial plan defined by the Group and Dongfeng Motor Group Company Limited as part of the partnership, and on the attainment of the common goal of both companies to bring the annual vehicle production and sales volume to 1.5 million by 2020 with the three brands: Peugeot, Citroën and the brand manufactured by the joint venture (Fengshen).

The non-achievement of the announced amount of synergies, or the achievement thereof only at a later date than initially estimated may have a major negative impact on the Group's activity, results, financial position, outlook or image.

Risk management and control processes

In July 2014, the Group set up an Office of Strategic Partnership which consists of a joint PSA/Dongfeng team including managers from both companies. This Office of Strategic Partnership, which reports to the Director of the China-Southeast Asia region, is tasked with managing the operations of the partnership and is therefore close to day-to-day activities so as to anticipate risk situations and implement corrective actions.

DPCA established an action plan to lower fixed and variable costs.

These significant cost reductions should enable the joint venture to regain competitiveness at the highest level of the Chinese market.

For more details, please refer to Section 4.5.2.4.1 below.

1.5.1.12. INFORMATION SYSTEM RISKS

Risk factors

Risks related to the Group's information systems, including those embedded in vehicles, stem from targeted attacks or malicious activities, anomalies in the behaviour of participants, failures or disasters. Their consequences would be economic, legal or damaging to the Group's image.

Risk management and control processes

A Group Information Systems Security Policy is in force, covering the Automotive and Finance Company divisions.

It is deployed in the operational divisions through governance implemented by the Group Security Department in connection with the IT Department.

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 areas:

- reinforcing the control of access to sensitive information and applications by deploying rights matrices governing the use of employees and external parties of the Group's sites;
- strengthening research on security vulnerabilities in computer applications and implementing corrective actions;
- deployment of Disaster Recovery Plans that guarantee that the Group would be able to continue its essential operations if a malfunction or major incident occurred at one of its IT centres;
- compliance with regulatory and legal developments, specifically related to personal data;
- introduction of safety measures for people and property in the embedded systems of networked vehicles similar to those already used in stand-alone systems.

1.5.2. 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. Note 12.7 to the 2015 consolidated financial statements, on page 221, provides information on risk management, which is primarily carried out by Corporate Finance, as well as identified risks and the Group policies designed to manage them.

1.5.2.1. EXPOSURE TO CHANGES IN EXCHANGE RATES

Please refer to Note 8.3 and Note 12.7.A (4) to the 2015 consolidated financial statements, Section 5.6 below, pages 203 and 223, respectively.

1.5.2.2. EXPOSURE TO CHANGES IN INTEREST RATES

Please refer to Note 12.7.A (2) to the 2015 consolidated financial statements, Section 5.6 below, page 222.

1.5.2.3. COUNTERPARTY AND CREDIT RISKS

Please refer to Note 12.7 (3) to the 2015 consolidated financial statements, Section 5.6 below, page 223.

1.5.2.4. LIQUIDITY RISK

Please refer to Notes 8.3 and 12.7.A. (1) to the 2015 consolidated financial statements, Section 5.6 below, pages 203 and 221.

1.5.2.5. CREDIT RATING

24/03/2016	Rating	Revision date	Previous rating
Peugeot S.A.			
Moody's	Ba3/Positive/NP	30/07/2015	Ba3/Stable/NP
Fitch	BB/Positive	16/03/2016	BB/Stable
S&P(1)	BB/Positive		
Banque PSA Finance			
Moody's(2)	Baa3/Positive/P-3	31/07/2015	Baa3/under review/P-3
S&P(3)	BB+/Stable/B	28/04/2015	BB/Positive/B

(1) Rating stopped on 4 March 2016.
(2) Rating not requested since 11 February 2016.
(3) Rating stopped on 26 January 2016.

Peugeot S.A.'s credit rating is based on criteria that assess the Group's competitiveness, geographic diversification, profitability and liquidity, and involve financial ratios, particularly the net debt-to-equity and operating cash flow-to-net debt ratios.

In 2015, Peugeot S.A.'s and Banque PSA Finance's ratings improved following the disclosure of 2014 earnings in February 2015 and 2015 interim earnings in July 2015.

- Moody's Investors Service upgraded Peugeot S.A.'s rating to Ba3/stable on 19 February 2015 and, consequently, that of Banque PSA Finance to Baa3/negative on 27 February 2015 (short-term non-prime rating at P-3). Following its change in bank rating methodology, the agency changed Bank PSA Finance's outlook from negative to stable on 23 June 2015. Moody's Investors Service confirmed its ratings and raised the outlook of the two entities from stable to positive on 30 and 31 July 2015, respectively.
- Fitch raised Peugeot S.A.'s rating from BB- to BB on 7 August 2015.
- In 2014 Standard & Poor's first upgraded Peugeot S.A.'s long-term rating to BB-/positive (short-term rating unchanged at B) and, as a result, that of Banque PSA Finance to BB+/stable on 28 April 2015 (short-term rating unchanged at B).

In 2016, the Group changed rating agencies and now uses Moody's and Fitch to rate Peugeot S.A.

- Before stopping their rating on 4 March 2016, Standard & Poor's had upgraded Peugeot S.A.'s rating to BB, accompanied however with a positive outlook.
- Fitch also raised Peugeot S.A.'s outlook from stable to positive on 16 March 2016.

In addition, following the signing of the European strategic partnership between Banque PSA finance and Santander Consumer Finance in 2014, as well as a framework partnership agreement in Brazil with Banco Santander Brazil, BPF's operations have gradually been transferred to the joint ventures whose refinancing facilities are ensured by SCF. Banque PSA Finance is no longer involved in financial markets and the Group has decided to stop using agencies for BPF's rating in 2016. Moody's is still rating Banque PSA Finance (rating not requested).

Any revision of these ratings may affect the companies' ability to obtain financing in the short, medium and long term.

1.5.3. Risks relating to Banque PSA Finance

BPF's risk management process essentially relies on delegations of powers governing commitment levels and the management of refinancing decisions at corporate level. The process is steered by the Risk Management function, which reports to the Audit Committee and the Asset-Liability Management Committee (ALCO – the Refinancing Committee). The Risk Management function runs BPF's Risk Management Committee.

BPF has identified 14 risks (see its Annual Report), including six major ones which are presented below.

1.5.3.1. BUSINESS RISK

Risk factors

Six main risk factors influence BPF's activity levels and are regularly assessed:

- external factors contributing to vehicle purchases;
- public authority's incentive policy on acquiring new vehicles;
- changes in regulations and taxation that might alter the business or its profitability;
- the sales volumes and marketing activities of the PSA brands;
- BPF's competitive positioning;
- country risk, with management seeking to secure financing locally as far as possible.

1.5.3.2. CREDIT RISK

Risk factors

Credit risk arises from the failure of a customer to meet the payment of its obligations, including situations where BPF recovers the financed asset. BPF does not incur residual value risk. Credit risk levels are mainly related to the economic climate.

Risk measurement, management and control

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

On approval of the loan, internal rating models developed and controlled by BPF experts are used to evaluate risk: grading models (Corporate) or credit scoring systems (Retail), both of which are centrally managed and controlled (with the exception of partner subsidiaries). Corporate and local analysts review the relevance of the risk measurement tools.

In the Retail sector, loan approvals are either granted automatically or require further analysis. The models use external data or internal information such as the customer's payment history (in the event of a renewal).

The joint ventures launched in 2015 use Basel (IRBA-Internal Rating Based Approach) credit risk models for their Retail business. The European Central Bank has agreed to allow the continued use of BPF Models during the implementation of the action plan meant to bring the joint venture in France to use the IRB models of Santander Customer Credit by July 2016.

The joint ventures in the United Kingdom and Spain use standard models.

Concerning the measurement of credit risk for accounting purposes under IFRS, impairment losses are recognised on Retail non-performing loans and performing loans with overdue amounts, using rates that are calculated several times a year from a model estimating discounted recoverable future amounts based on historical recovery data for the loans in question. Impairment losses on doubtful loans in Corporate Dealers and Corporates Excluding Dealers and Equivalent portfolios are recognised on a case-by-case basis (Flash Report) taking into account the valuation of any potential collateral held. An impairment loss is recognised on these portfolios when the loan is reclassified as non-performing or the estimated loss calculated during individual analysis is not zero.

Following a request from the regulatory authority, an impairment model of performing Corporate loans has been developed and will be validated in 2016. Banque PSA Finance has maintained the same principle and method for a collective impairment loss on performing Corporate loans as those used at end-2014, based on an early estimation of the results of this model.

Risk management is based on products validated by the Head Office and includes the verification of the amount financed, a rigorous approval process, and verification of supporting documents (including guarantees) prior to the approval of the loan. There is also an enhanced system in place for Corporate portfolios which includes: pre-determined lines of credit, requirement for guarantees, daily monitoring of payment issues, a graduated alert system, inventory audits.

Retail risks are monitored on the basis of changes in the quality of loan applications and loan provision, payment history indicators, Basel risk measurement indicators for current loan agreements.

1.5.3.3. LIQUIDITY RISK

Risk factors

Liquidity risk depends on the situation in the financial markets (Market Risk) and principally the BPF's rating (funding Risk). Liquidity risk is the main financial risk to which BPF is confronted.

Risk measurement, management and control

The measurement is based on the intraday liquidity risk and the loan maturity gap, as internal rules require full matching (of assets and liabilities over the relevant maturities). These risk measurements are stress tested.

There are two mechanisms in place for managing liquidity risk: a general policy and established thresholds and indicators.

Risk control is based on these risk indicators. The monthly meeting of the ALCO monitors the application of the general policy, risk levels, compliance with the limits set and measures that need to be taken to anticipate liquidity risk.

Following the establishment of local partnerships with Santander Consumer Finance, financing will no longer be Banque PSA Finance's sole responsibility.

Please refer to Note 13.5 (1) to the 2015 consolidated financial statements, Section 5.6 below, page 238.

1.5.3.4. COUNTERPARTY RISK

Risk factors

BPF is exposed to counterparty risk from three sources: interest rate risk hedges, investment of its liquidity reserves, the delegated management of the Securitisation Fund reserve investments.

Risk measurement, management and control

It invests only in leading banks ranked based on an internal model. Derivative contracts are entered into solely with Investment Grade banks. Utilisation of the limits is checked daily. A summary report of any exceeding limits is submitted to the ALCO, Risk Management Committee and Audit Committee meetings.

1.5.3.5. CONCENTRATION RISK

Risk factors

Concentration risk is related to a high concentration of assets and liabilities in certain categories or certain industries. Banque BPF Finance is exposed to several types of concentration risk: the concentration risk of each loan transaction, the sector concentration risk of loan transactions, the concentration risk of its bank loans.

Risk measurement, management and control

Concentration indices are used to measure this risk. Compliance with the indices is assessed during the Risk Management Committee or ALCO meetings. BPF factors in PSA's rating when determining the level of its commitments to the latter.

As at 31 December 2015, BPF's ten largest credit commitments, excluding those to PSA, represented €498 million or 64.2% of regulatory capital and break down as follows:

- banks: €304 million, or 39.2% of regulatory capital;
- corporate (excluding PSA): €194 million, or 25% of regulatory capital.

1.5.3.6. OPERATIONAL RISK

Definition of risk and risk factors

Operational risk is defined as the risk of loss arising from inadequacy or failure attributable to procedures, BPF employees, internal systems or external events, including events that, although very unlikely to happen, would carry a high risk of loss. It is distinct from non-compliance risk and reputational risk.

Risk measurement, management and control

BPF is exposed to any one of the incidents listed in the Basel operational risk categories: internal and external fraud, employment and workplace safety practices, customers, commercial products and practices, losses on tangible assets, malfunctions of operations and systems, and the execution, delivery and management of processes. BPF is primarily exposed to operational risks linked to credit risk, external fraud and, to a much lesser extent, the risks inherent in outsourcing activities to contractors or partners. The risk map covering BPF's activities identifies operational risks and assigns a priority rating of one to four to each risk.

Risk management mechanisms are incorporated into 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 (such as the Disaster Recovery Plan).

1.5.4. Legal and contractual risks

The Group is exposed to legal risks as an employer and in connection with the design, manufacturing 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.

1.5.4.1. LEGAL AND ARBITRATION PROCEEDINGS

As at 31 December 2015, no Group company was involved in any claims or litigation that had a material impact on the consolidated financial statements.

During the last 12 months, there were no governmental, legal or arbitration proceedings that may have, or have had, significant effects on the Group's financial position or profitability. To the best of the Group's knowledge, no such proceedings are pending or threatened.

Établissements Peugeot Frères initiated arbitration proceedings against a Group subsidiary, Automobiles Peugeot, concerning the ownership and use of the "Peugeot" brand, excluding vehicles. The Group is confident about the outcome of these proceedings.

Concerning provisions for claims and litigation, please refer to Note 10.3 to the 2015 consolidated financial statements, Section 5.6 below, page 207.

1.5.4.2. LEGAL RISKS ASSOCIATED WITH ANTI-COMPETITION LITIGATION

Risk factors

Like all economic operators, the Group is exposed, in France and in the countries where it operates, to legal risks related to competition law.

The identified risks have been mapped, and mainly concern the areas of procurement, trade and cooperation.

The Group might become the subject of investigations by the competition authorities. In the event anti-competitive practices are proven, possible sanctions include administrative fines, criminal penalties and/or liquidated damages. The Group is at present unable to predict the consequences of such investigations, including the administrative, criminal and/or fines civil sanctions that could be imposed.

Risk management and control processes

To avoid these risks, the Group, both centrally and in the countries where it operates, has internal and external legal counsel, experts in competition law, working closely with the relevant businesses.

In addition, since 2013 the Group has carried out permanent training in competition law for operational managers who may be faced with the risk of anti-competitive practices, specifically in the commercial area.

In 2015, these actions continued and expanded across the Group, which strengthened its competition compliance programme through several initiatives (11 commitments to the French Competition Authority), including:

- the appointment of a Group-level Competition Compliance Officer who is responsible for the implementation of the compliance programme;
- the appointment of Compliance Referents in France, within each of the main divisions;
- the future implementation of a whistleblowing system in France;
- training sessions (in-class and e-learning) for the employees concerned, to teach them the appropriate responses and the behaviours to avoid, using practical examples.

1.5.4.3. REGULATORY RISKS

The nature of the Group's activities and its international presence make it subject to a set of wide-ranging regulations. In particular, 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. The Group's activities may be impacted by public authority policy incentives to purchase new vehicles, as well as by unfavourable changes in tax and/or customs regulations in the countries with which the Group trades.

These requirements are taken into account as soon as possible in the development of vehicles and subassemblies at the project level and in the marketing of these vehicles. For this purpose, the Group has implemented policies and procedures at the appropriate levels to ensure compliance with these regulations. The Group also participates in permanent dialogue with the national and regional authorities in charge of specific regulations for automotive sector products so as to prevent risks related to regulatory changes.

1.5.4.4. FINANCIAL COVENANTS

The purpose of financial covenants is to protect lenders, and their non-compliance generally opens up early repayment or acceleration clauses. Peugeot S.A. and GIE PSA Trésorerie's €3 billion syndicated revolving credit facility demands a level of the net debt of manufacturing and sales companies of less than €6 billion and a ratio of the net debt of manufacturing and sales companies to Group equity of less than one. As at 31 December 2015, these covenants were complied with.

For further information, please refer to Note 12.7.A (1) to the 2015 consolidated financial statements, Section 5.6 below, page 221.

1.5.4.5. 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 and demographic assumptions (e.g. the rate of future salary increases, mortality tables and staff turnover, etc.).

In order to effectively control the Group's overall pension liabilities, independent actuaries perform valuations 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. For more details, please refer to Note 12.7. to the 2015 consolidated financial statements, Section 5.6. below, page 221.

1.5.4.6. 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 spare parts and any other parties that breach the Group's rights.

In 2015 PSA, for the eighth year in a row, finished first in French patent filings, with 1,063 patents published in 2014 with the French Patent and Trademark Office (Institut National de la Propriété Industrielle – INPI). For more information on the Group's patent policy, please refer to Section 4.5.2.2.1 below of this Registration Document, page 155.

1.5.4.7. OFF-BALANCE SHEET COMMITMENTS

Please refer to Note 17 to the 2015 consolidated financial statements, Section 5.6 below, page 252.

1.5.5. Risk coverage – insurance

The Group's Insurance unit has set up worldwide insurance programmes that are placed with companies that have a high insurer financial strength rating, notably for:

- the property and casualty programme, under three policies providing aggregate cover of €1,500 million, with deductible excess amounts of up to €10 million per claim;
- the civil liability insurance programme, under three policies providing aggregate cover of €250 million, with a maximum excess of €0.5 million per claim;
- the vehicle transportation and storage insurance programme, under an insurance policy of €36 million, with a maximum excess of €0.3 million per claim;
- the fraud programme, under three policies providing cover of €63 million, with a maximum excess of €0.5 million per claim.

Some of the lead policies under these programmes are reinsured by SARAL (SA de Réassurance Luxembourgeoise), a wholly owned subsidiary of Peugeot S.A.

SARAL is involved exclusively in insuring the Group's risks, and in particular, risks regarding property and casualty and losses attributable to business interruption (€16 million per claim and per year), automobile liability (€0.75 million per claim), risks associated with the transportation of vehicles and their storage on parking lots (€18 million per claim and €36 million per year) and fraud risks (€1.5 million euros per claim and €3 million per year).

Allied to its pro-active approach to risk prevention, which was approved by its partner insurers, the Group's insurance policy consists of transferring certain high-level risks to the insurance market and retaining low-and average-level risks through deductibles and the captive reinsurance company.

CORPORATE RESPONSIBILITY: SUSTAINABLE DEVELOPMENT INITIATIVES

2

The environmental, corporate and social information contained in this section is presented in accordance with the statutory requirement for extra-financial reporting that exists in France under the "Grenelle 2" law. It is also consistent with the recommendations of the Global Reporting Initiative (GRI).

This information is consolidated and is based on the parent company Peugeot S.A. as well as on all of its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies controlled within the meaning of Article L. 233-3 of the French Commercial Code.

The detailed reporting scope and cross-reference table with the 42 themes of the "Grenelle 2" law are presented in Section 2.7.

Quantitative information on Banque PSA Finance (BPF) and Faurecia is published separately in this section and accompanied by specific explanations, if necessary. For further information, especially about CSR initiatives implemented by these two companies over the period, please refer to SRI reports from BPF, its subsidiary Crédipar, and Faurecia: website, CSR section of the 2015 Registration Document etc.

2.1. CORPORATE SOCIAL RESPONSIBILITY: AN INTEGRAL PART OF THE GROUP'S STRATEGY

PSA, although engaged in a turnaround plan, confirms that sustainable development remains one of the cornerstones of its strategy.

Within the Group, the Sustainable Development Department manages the CSR process with a cross-functional approach, backed by a network of correspondents in each of the Group's major departments. It reports to the Communications Director, who reports directly to the Management Board Chairman. It recommends the Group CSR commitments proposed by members of the Executive Committee, which validates them once a year and monitors their implementation.

2.1.1. The Group's CSR policy G.20

For PSA, sustainable growth and long-term economic performance can only be achieved by taking a responsible and **transparent** approach to its business. On this basis, in line with the United Nations Global Compact, of which it has been a member since 2003, the Group defined its corporate social responsibility programme. This CSR policy, which is the result of **ongoing dialogue with stakeholders** and is reflected in its **public** commitments, guides the Group's approach to its strategic challenges. It is based on three pillars: sustainable mobility, economic development of its host countries and the implementation of responsive and ground-breaking employment practices.

SUSTAINABLE MOBILITY

- As a pioneer in many technologies, the Group is mobilising its **innovation** resources to reduce the environmental impacts of mobility. Its strategy is based on rolling out the most effective technologies **across the greatest number of vehicles**, so as to constitute massive leverage in the fight against pollution and climate change.
- From design through to manufacture, PSA is committed to **optimising the use of resources** by incorporating green or recycled materials into its vehicles, by guaranteeing their recyclability and by limiting **the environmental footprint of its production sites and dealership networks** in terms of energy, water and waste.
- Vehicle use is the main cause of emissions. The Group also:
  - widely fits its ranges with clean, **low carbon,** fuel efficient technologies that preserve **air quality**, and sells best in class combustion, hybrid and electric vehicles;
  - rolls out shared urban **mobility services** and last-mile logistics to meet changes in **customer** behaviours and expectations;
  - offers **connected** services which promote **eco-driving**;
  - lastly, as a result of listening to the views of the general public, PSA invents tomorrow's mobility solutions by making digital technology part of its ranges' DNA, by rolling out driver assistance systems offering increasing levels of safety and improved traffic flows, with the ultimate aim of producing **autonomous cars** at an affordable cost for the largest number of motorists.

ECONOMIC DEVELOPMENT OF ITS HOST COUNTRIES

The Group's operations have a considerable economic and social impact on its host communities. PSA is aware of its responsibility in this area. On this basis:

- it selects its **suppliers** from amongst those closest to its production sites, in line with its **Social and Environmental Guidelines**. By increasing its percentage of local purchases in a **responsible** way, the Group is demonstrating that its operations support **the sustainable economic development** of its host regions and countries;
- it supports the most vulnerable populations in its host countries via its Company Foundation which funds initiatives that integrate people through mobility and access to education. In this way, the Group marks its **commitment to serve its host communities**.

THE IMPLEMENTATION OF RESPONSIVE AND GROUND-BREAKING EMPLOYMENT PRACTICES

Throughout its long history, PSA has been reliant on the men and women who have fostered its innovation and growth. Across the board, the Group emphasises social dialogue as the means of defining innovative solutions and **building trust and commitment**. Since 2010, in order to drive the changes needed to sustain it in the long term, and to support employees during these changes, it has used the Global Framework Agreement on social responsibility as its reference framework.

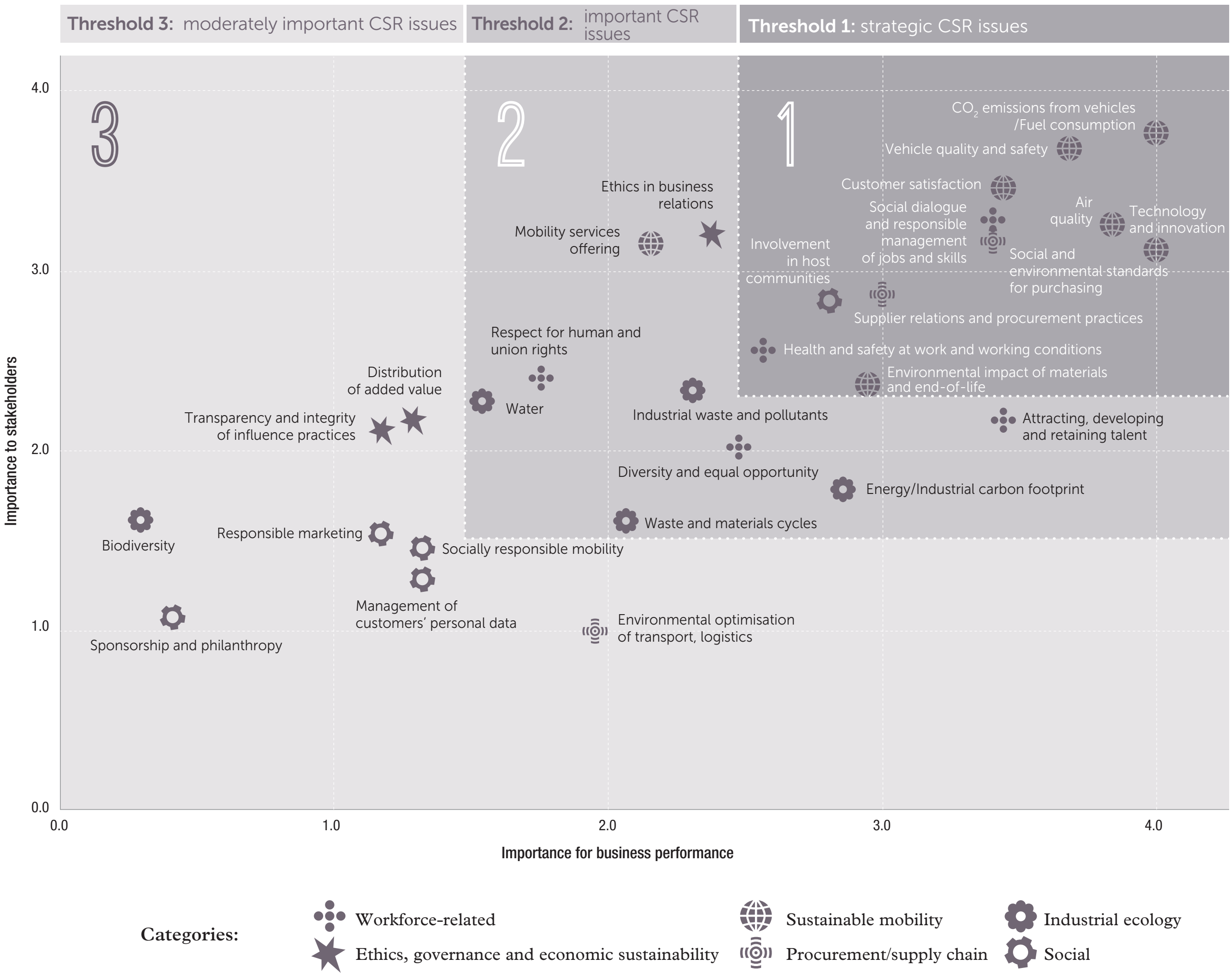
Across all its sites, PSA rolls out the principles of this reference framework which clarify the Group's approach to its employment issues. The Group:

- draws on its **culture of social dialogue** to share its strategy and to provide secure career paths for its employees via negotiated provisions and close support;
- states that **maintaining occupational health and safety** is a top priority;
- confirms the need to **develop talent;**
- guarantees **equal opportunities** and person-centred management;
- extends, to its suppliers and partners, its commitment to **respect fundamental human rights;**
- requires all employees to comply with its **Code of Ethics** which sets out the professional conduct rules.

PSA's CSR (corporate social responsibility) policy is both a collective and individual commitment and the Group ensures that its principles are taken into consideration in all operational decisions.

2.1.2. Relations with stakeholders G.36

PSA – a player committed to the local economies where it operates – has maintained solid relations with all of its stakeholders for many years: employees, employee representatives, customers and consumer or road user associations, distribution networks, shareholders and investors, suppliers, partners in cooperation projects and joint ventures, government and industry bodies, NGOs, local administrations, residents living near sites, the media, financial and SRI rating agencies, CSR experts as well as teachers and researchers etc. These regular discussions with stakeholders enable social, environmental or economic challenges and risks to be better identified and influence the Group's response to sociological and technological changes in society. Stakeholders' dialogue was used to inform the materiality matrix of the CSR issues below.



Section 1.3.2.3 of the 2015 PSA CSR Report explains how the materiality matrix of CSR issues was compiled.

STAKEHOLDERS' DIALOGUE FOR 2015

Section 1.4 of the 2015 CSR Report introduces the Group's stakeholders and describes instances of dialogue.

In 2015, the PSA Stakeholders Dialogue was based on three major themes:

Social (employment) policy

In 2015, the Group renewed its efforts to refocus on its core business, to adjust its production capacities and workforce, restating its objective of safeguarding its manufacturing bases. The discussions entered into by PSA made it possible to put mechanisms in place to support employees affected by these changes. Together with employee representatives, suppliers and partner companies, government departments and local administrations, innovative solutions such as territorial career mobility and transition platforms were introduced. This system enables employees to further their careers with signatory companies in their local area. Career transition passports give all employees the opportunity to benefit from long-term retraining, staying on as Group employees until they are hired by the new employer.

Designed in conjunction with the Group's partner temporary employment agencies, "permanent contracts for temporary workers" should secure the employment prospects of 300 operators between now and 2017.

These permanent employment contracts guarantee employees a permanent, high level of employability both at PSA and in their local labour market, whilst improving the Group's economic performance as a result of optimised industrial flexibility.

Responsible purchasing

In 2015, PSA continued to participate in discussions led by independent bodies active in CSR in France (MEDEF, AFEP, EPE, C3D, UDA, CCFA, etc.) and in the automotive industry with regard to responsible purchasing and guidance for suppliers.

Dialogue with suppliers enabled the Group to develop tools with which to monitor their CSR performance, particularly via the use of the specialist agency, Ecovadis.

Sustainable mobility and transparency of vehicle emissions

PSA has embarked on several joint initiatives for sustainable mobility.

- In line with its transparency policy, on 26 October 2015, the Group announced its initiative to publish real-world fuel economy figures for its main vehicles as soon as possible, with the process overseen by an independent body. The Group embarked on this initiative with Transport and Environment and France Nature Environnement, environmental NGOs that will take the measurements using a different method from the one used in current accreditation tests.
- PSA helped to introduce dialogue into the automotive industry when the issue of sustainable mobility was first raised in France. A panel of representatives from the French automotive industry and 15 representatives from civil society, NGOs, elected representatives and experts, was formed. This afforded a wider perspective of sustainable mobility and the place of the car within this vision. The conclusions of these exchanges underpinned the direction taken by the Group and enabled it to hone its choices in terms of shared mobility, inclusive mobility and the reduction in environmental impacts.
- The panel of representatives from civil society, set up in 2014, met on several occasions in 2015 to reflect on the impacts of mobility on the environment. These discussions were held between experts and a group of PSA employees involved in the development and marketing of products or services relating to sustainable mobility. The discussions gave the Group food for thought.
- The Group also involved the Carbon 4 association in its thinking on the prospects for long-term mobility.
- Through its Foundation, the Group is involved with the work of *Laboratoire de la Mobilité* Inclusive carried out with public officials, transport operators and NGOs. This dialogue enables PSA to improve its understanding of the mobility needs of the most vulnerable members of society so as to develop its offering accordingly.

These different discussions have meant that sustainable and inclusive mobility issues can be incorporated more fully into PSA's business model.

Faurecia

Faurecia has set up and maintains an ongoing dialogue with various stakeholders and interested parties. These include:

- research partners: To lend a hand to technological development and innovation, Faurecia maintains its open policy towards academia, research laboratories and start-ups. Faurecia makes use of five chairs in manufacturing involving universities in France and Germany and a partnership with Fraunhofer ICT in mechanical electronics, composites, production processes for metal parts, and plastic materials chemistry including biomass and assembly lines. In addition, the Group in involved with the IRTs (technological research institutes) in France such as the IRT Jules Verne in Nantes, where it represents the entire French automotive industry, and IRT M2P in Metz. Finally, after successfully testing startup research and incubation in a variety of countries, in 2015 the Group applied this activity to its own fields of expertise.
- suppliers: Faurecia is committed to basing its growth on socially responsible actions and behaviours in all of its business lines and in all countries where it has facilities. With that in mind, Faurecia strives to establish close, long-term relationships with its suppliers, based on growth and mutual advantage. Faurecia believes that the principles of social, environmental and economic responsibility are essential criteria in awarding contracts to suppliers. Faurecia communicates with its suppliers and subcontractors to raise awareness about sustainable development. As such, the Suppliers section of the Faurecia website has a page devoted exclusively to information and requirements in terms of compliance by its current and potential partners with the Group's "CSR" 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: Faurecia regularly strikes new partnerships or adds to existing ones. Faurecia and Dongfeng Hongtai, a subsidiary majority owned by Dongfeng Motor Corporation, one of the largest automotive groups in China, signed on 27 March 2015 a comprehensive partnership agreement resulting in the creation of two joint ventures, Dongfeng Faurecia Automotive Interior Company and Dongfeng Faurecia Automotive Exterior Company, which will provide Dongfeng and its automotive subsidiaries with interior and exteriors systems. Moreover, an agreement with Beijing WKW Automotive Parts Co. Ltd, one of the Chinese leaders in the production of automotive interior and exterior trims, was signed on 24 September 2015 with a view to creating a joint-venture called Beijing WKW-FAD Automotive Interior Parts Co. Ltd;

- 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. In 2014, Faurecia organised over 450 meetings and one-to-one appointments in eighteen countries, enabling it to interact directly with almost 1,000 institutional investors and financial analysts. Themed presentations were organised for analysts, investors and portfolio managers.

2.2. EMBRACING ENVIRONMENTAL ISSUES

2.2.1. Incorporating environmental issues into product and service design

The Group 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 economy, reducing emissions of CO_2 and other pollutants, rationalising the use of natural resources and improving recyclability. In addition to ensuring that its vehicles comply with environmental legislation in the different markets, eco-design also ensures that the Group will stay ahead of the competition in terms of sustainable mobility.

The Group focuses much of its research efforts on clean technologies to address the following four issues:

- combating global warming and adapting to climate change by reducing vehicle CO_2 emissions and fuel consumption;
- preservation of air quality;
- limitation of the impact of materials on the environment, from the extraction of raw materials to the recycling of end-of-life vehicles;
- the development of mobility services adapted to new patterns of vehicle use.

INCORPORATING ENVIRONMENTAL ISSUES INTO THE GROUP'S ORGANISATION IN THE PRODUCT AND SERVICE DESIGN PHASE G.20

Automotive Division (including PCA)

Within the Automotive Division, the Research and Development (R&D) Division has a seat on the Executive Committee. It leads the Group's work on technological innovation, with 10,200 employees in Europe, plus R&D teams in China and Latin America, which have almost 2,700 and 630 employees respectively, giving a total of more than 13,000 employees worldwide. The R&D Division is active in three key areas:

- low-carbon vehicles, to meet environmental challenges, the depletion of fossil fuels and changing lifestyles;
- design, concept and styling for flawless perceived quality;
- services, working with Peugeot, Citroën and DS Marketing Departments, as well as the Connected Services and Vehicles Business Unit, to envision the future of connectivity and mobility (multi-modal transport and onboard intelligence).

The Research and Development Department manages and carries out eco-design, in particular, life cycle analysis and monitoring of the use of green or recycled materials: it collects the required data from the engineering business units and suppliers for each vehicle project.

As these projects develop, the Programmes Department keeps track of the solutions implemented, measuring their efficiency based on the proportion of green materials used and CO_2 emissions. A special unit is responsible for coordinating the Group's CO_2 programme. This monitors and reports on the emissions performance of vehicles developed by the Group.

A dedicated entity oversees the Group's end-of-life vehicle policy.

RESOURCES COMMITTED TO PREVENT ENVIRONMENTAL RISKS AND POLLUTION G.22

Automotive Division

Data for the Automotive Division (including PCA) are presented in Section 4.5 of the Registration Document.

2.2.1.1. COMBATING GLOBAL WARNING AND ADAPTING TO THE CONSEQUENCES OF CLIMATE CHANGE G.22 G.32

2.2.1.1.1. Technological innovation to combat climate risk G.22 G.29 G.32

As an environmental pioneer and European leader in CO_2 emissions from passenger cars in 2015, the Group is continuing to develop a range of increasingly fuel-efficient, low-carbon cars that continue to meet the growing mobility needs of the individual (access to employment, education, healthcare, etc.) while meeting regulatory standards. This requires a wide array of technological solutions structured around the following main objectives:

- optimising powertrains, 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 during the decade between 2020 and 2030, both for passenger cars and light utility vehicles;

- developing electric vehicles for both fleets and individual customers, as towns and cities acquire the necessary infrastructure and battery costs decline.

In order to continuously improve fuel economy information in the interest of customers, on 23 November 2015, PSA announced its partnership with the NGO, Transport & Environment and the France Nature Environnement association, to measure real-world fuel economy figures and to publish them in spring 2016. The procedure will measure fuel economy for each of PSA's main models with tests on open public roads near Paris in real driving conditions, with segments to include urban, extra-urban and highway driving. This procedure will be included in the Groups' quality processes. The process, its correct execution and the tests results' measurement will be audited and validated by an internationally recognised independent third party.

Automotive Division

Internal combustion engines

The Group is rolling out advanced, high-tech solutions for engine architecture and 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.

Reducing petrol engine fuel consumption and exhaust emissions

In less than ten years, PSA will have upgraded 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.

In late 2013, the Group launched the EB Turbo PureTech, a three-cylinder 1.2-litre petrol engine that combines reduced size and weight with unprecedented performance for this level of displacement. The new engine emits 18% less CO_2 than the previous generation of four-cylinder, naturally aspirated engines. In June 2015, it was named "Engine of the Year" in the 1-litre to 1.4-litre category at the 17th International Engine of the Year Awards organised by the British magazine, Engine Technology International.

This engine completes the modular family of 3-cylinder PureTech petrol engines (1-litre and 1.2-litre) with many high-tech features unveiled by the Group in 2012, ranging in power from 50 to 100 kW and offering petrol vehicles emitting less than 100 g/km of CO_2 in the naturally aspirated version and less than 110 g/km with the turbo engine.

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

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

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

- flex-fuel versions are available on the Brazilian market;
- the release of these new engines in China will achieve the goal of reducing CO_2 emissions for the Group's vehicles on this market.

Lastly, hybrid engines are also being introduced with a Stop & Start petrol offering launched in 2013, in the process of being extended to all petrol engines and followed by a hybrid offering.

Reducing diesel engine fuel consumption and exhaust emissions

In a global market where internal combustion engines will still be predominant in 2020, PSA is continuing to develop its HDi technology. At the same time, it is rolling out its e-HDi (Stop & Start) technology. In late 2013, the Group unveiled Blue HDi, a new exhaust stream that drastically reduces nitrogen oxide (NO_x) emissions and further improves the level of CO_2 emissions (by as much as 4% compared with the previous generation of diesel engines). To bring diesel engine NO_x emissions down to the same level as petrol engines, the Group has pioneered unique technology that meets Euro 6 standards while maintaining the inherent advantages of diesel engines in terms of CO_2 emissions and fuel economy.

Gear boxes

The Group is continually seeking to optimise its powertrains by focusing on two main areas.

The first being gearbox performance. In this area, the next stages are:

- a mid-range manual six-speed gearbox (MB6) due in 2016-2017;
- an eight-speed automatic gearbox which will take over from the AT6III/AM6 III generation of gearboxes which has already helped to reduce total powertrain consumption by 15% since the end of 2013 (due between 2018-2020).

This will be followed by adaptation of the powertrain (i.e., gear ratios, gear ratio change strategies, compatibility with Stop & Start), to take maximum advantage of improvements to engines, and operate under optimum conditions of fuel consumption.

Alternative fuels

The Group is developing biofuel-compatible engines:

- **compressed natural gas (CNG):** CNG, mainly composed of methane (CH_4), is used to power PSA vehicles in markets where local conditions are conducive to its development, such as Argentina, China and the Middle East. Using CNG also cuts carbon emissions by 20% compared with conventional petrol engines, by reducing the distance between the tank and wheels;
- **ethanol and flex-fuel:** vehicles: PSA has developed flex-fuel engines that can run on ethanol/petrol blends in variable proportions: between 20 and 100% of ethanol in Brazil for example, the largest market in the world for this fuel and flex-fuel vehicles. In 2015, a flex-fuel version of the latest 1.6 litre petrol engine launched in Europe was made available on the Brazilian

market. New vehicles fitted with these engines see a twofold reduction in fuel consumption (and therefore CO_2 emissions), partly due to their technological design, and partly due to the use of renewable bioethanol;

- **biodiesel:** All of the Group's diesel vehicles are already compatible with B10 (biodiesel blend of up to 10%) and B30, assuming that fuel quality is adequate and that suitable vehicle maintenance is carried out. The Group is involved in various studies on the development of biofuels. It is also a member of the steering committee of the European Biofuels Technology Platform;
- **advanced biofuels:** They are derived from the conversion of biomass (whole plant, non-food crop, organic waste), or the use of micro-algae. PSA is contributing to this process by participating in research projects and real-world trials. For example, PSA is a partner of the Federal University of Parana in Curitiba for the production of lipid biofuels from micro-algae, and has a long-standing collaboration with the French project Shamash.

  A biofuel chair was created at the end of 2012 by IFP School *(Institut Français du Pétrole),* the Tuck Foundation and PSA. For a period of three years, it will be structured around teaching and research activities aimed at expanding knowledge on the impact of the use of biofuels in cars.

  Bio-fuels must be developed as part of a well thought-out land use plan.

Electric powertrains

Stop & Start and e-HDi technologies

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

Introduced by the Group in 2004, this technology is now deployed across almost the entire fleet of Peugeot, Citroën and DS vehicles in Europe and across over 20% of vehicles in China.

Hybrids

The Group'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 HDi diesels in extra-urban conditions with all the benefits of electric propulsion in urban areas. 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.

Meanwhile, 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 vast majority of customers.

Plug-in hybrids

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

It will emit less than 50 g/km of CO_2 (or 2 L/100 km) combined, with a range of 50 km urban in full electric mode.

Electric vehicles

Since 2010, the Group has sold 18,700 electric vehicles worldwide, with a range that covers both the PC and the LCV segments: Peugeot iOn and Partner, Citroën C-Zéro and Berlingo.

This year, PSA also signed a strategic cooperation agreement with Bolloré which consolidates their common interest in sustainable mobility.

The Group set up an assembly workshop with a capacity of 3,500 vehicles per year at its industrial site in Rennes which, since September 2015, has produced the Bluesummer, an electric vehicle designed by Bolloré and distributed via the Citroën dealer network. The site also manufactures the Citroën E-MEHARI, a 4-seater electric cabriolet marketed in France in spring 2016. This vehicle is equipped with lithium metal polymer technology batteries developed using the Bolloré group's expertise, enabling it to run for 200 kilometres on one charge in urban use.

The agreement with the Bolloré Group also provides for collaboration in the field of car-sharing in Europe, then on an international level, via the creation of a joint venture intended to develop this activity worldwide using electric vehicles (PC and LCV) and low-emission combustion vehicles.

For the longer term, the Group decided on a programme of electric vehicles developed with Dongfeng Motor. Planned for 2020, the programme will be based on the CMP (Common Modular Platform) and will segments involve B and C (small and medium-sized vehicles).

Optimising vehicle architecture and equipment

The Group is using all of these technical levers to reduce CO_2 emissions:

Platforms

In late 2013, the Group launched a new-generation platform, the Efficient Modular Platform 2 (EMP2), intended to cover all segment C and D body styles worldwide. EMP2 has made it possible for the Peugeot 308 and the Citroën C4 Picasso to become segment leaders in Europe (82 g/km and 94 g/km with the 1.6L BlueHDi 120 engine).

In April 2015, PSA also announced the development, together with Dongfeng Motor, of a global platform for Peugeot, Citroën and DS segment B and C vehicles. This new platform, the Common Modular Platform (CMP), will require an investment of €200 million which will be 60% financed by the Group and 40% by Dongfeng Motor. CMP will provide effective solutions in terms of modularity and versatility, equipment and reduced CO_2 emissions.

Equipment

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

Driver assistance

In 2014, the Group developed a service on the Peugeot 208, 2008, 308, new 508 and Partner and Citroën C4 Cactus and C4 Picasso and C5 models that enables customers to access statistics about their trips through a simple and intuitive interface. Link MyPeugeot and Link MyCitroën use a Bluetooth connection and the vehicle's touchscreen to relay vehicle information when the ignition is switched off. This enables customers to improve fuel consumption by comparing data for each trip.

Connect Packs, launched at Peugeot in 2015, assess driver style and behaviour on seven criteria: acceleration, braking, engine speed, use of Stop & Start, average speed, engine temperature, slope. In early 2016, this service will be extended. to the Citroën and DS brands.

The Group also has several programmes for business fleets: Peugeot Green Connect, in partnership with Mobigreen, which enables eco-driving techniques to be adopted via an e-learning module on a dedicated website combined with on-road training, and the Peugeot Connect Fleet service, which allows businesses to track changes in fuel consumption, CO_2 emissions and odometer readings for each fleet vehicle using an online management tool.

At the 2015 ITS World Congress in Bordeaux, a global event presenting the latest innovations in the field of Intelligent Transport Systems (ITS), the Group announced eco-adaptive cruise control, a function which enables vehicles to regulate their own speed so as to optimise fuel consumption and reduce CO_2 emissions, using the information supplied by the navigation system, by other vehicles (Car2Car) or infrastructure (Car2I) and by environment sensors (cameras, radars).

Mass

Already a market leader in terms of average vehicle weight, the Group is continuing to develop more lightweight vehicles, making this a major lever in reducing their environmental footprint. This involves optimising vehicle architecture, using lower density materials (particularly by replacing steel with aluminium, composite materials or thermoplastics), innovative assembly techniques (hot stamping and laser welding help lighten the car body, while improving shock resistance).

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

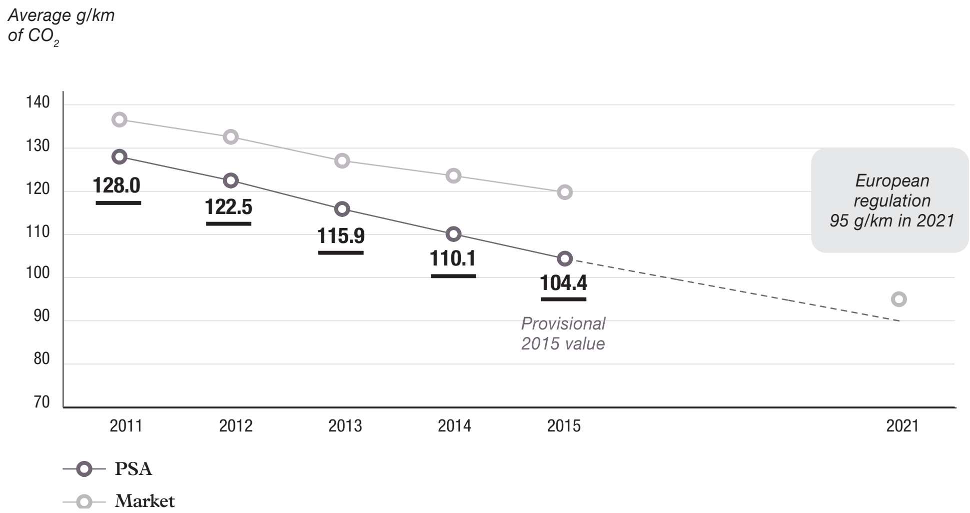
2.2.1.1.2. CO_2 performance of vehicles sold by the Group G.31

In Europe, after having sold over 43% of vehicles with emissions of less than 100 g/km of CO_2 in 2015, the Group is continuing its efforts to reach a target of a 30% reduction in emissions from the vehicles that its sells worldwide between 2012 and 2025.

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

- for the highest-selling models in the main segments, one of the top three cars for CO_2 emissions;
- vehicles with very low fuel consumption, but which still deliver superior features and equipment.

Group's CO_2 trend (PC in 22-country Europe)



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

PSA MODELS WITH LOWEST CO_2 EMISSIONS

BEST CO_2 IN CLASS	Petrol	Diesel	Hybrids
B sedans		Peugeot 208 1.6L BlueHDi 100: 79 g/km Citroën C3 BlueHDi 100: 79 g/km DS 3 BlueHDi 100: 79 g/km	
B-CUV	Citroën C4 Cactus PureTech 82: 98 g/km Peugeot 2008 1.2L PureTech: 99 g/km	Citroën C4 Cactus BlueHDi 100: 82 g/km	
C sedans	Peugeot 308 1.2L PureTech 110: 95 g/km	Peugeot 308 1.6L BlueHDi 120: 82 g/km	
C-Sport Utility Vehicles		Citroën C4 Picasso BlueHDi 120: 94 g/km	Peugeot 3008 HYbrid4: 90 g/km

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

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

The Group's R&D investment policy aims to maintain air quality and reduce GHG (greenhouse gas) emissions. This **massive investment** (€621 million for the development of powertrains in 2015) enabled it to fine-tune a **unique solution** which reduces both fuel consumption and CO_2, NO_x and particulate emissions from diesel engines. PEUGEOT, CITROËN and DS are, therefore, the only brands equipped with this technology.

This approach is in synergy with the prevention of climate risks described in Section 2.2.1.1.1.

2.2.1.2.1. Eliminating particulate emissions with the particulate filter

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

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

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

In all its global markets, the vehicles marketed by the Group comply as a minimum with the regulations in force in the country of sale, and benefit from the advanced technologies developed for Europe.

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

A pioneer in this field, the Group had sold a total of 10.1 million DPF-equipped diesel vehicles by the end of 2015.

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

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

2.2.1.2.2. Reducing NO_x emissions with Selective Catalytic Reduction (SCR)

This new after-treatment technology substantially reduces nitrogen oxide (NO_x) emissions by injecting a reducing agent into the exhaust system before a special catalyst.

Integrated into a new emission control architecture upstream of the particulate filter, SCR helps to optimise fuel efficiency and limits CO_2 emissions in diesel engines.

In preparation for second stage Euro 6 regulation, the Group decided, right from first stage Euro 6 (Euro 6b) to deploy Selective Catalytic Reduction (SCR) technology across its entire diesel portfolio, identified by the "Blue HDi" label which combines both particulate filter and SCR technology, to further reduce NO_x emissions.

This stems from the decision to pre-empt the compulsory introduction of real driving emissions (RDE) certification by second stage Euro 6 regulation, and signals the Group's willingness to reduce vehicle pollutant emissions in real-world driving conditions while maintaining optimum fuel economy and CO_2 emissions. However, this requires an extensive distribution network in France and Europe for urea (AdBlue®), the reducing agent used to convert NO_x into nitrogen.

Launched in November 2013 on the Peugeot 508 and Citroën C4 Picasso (DW 2.0-litre engine), Blue HDi technology was extended to the DV 1.6-litre engine in 2014, before being rolled out across the Peugeot, Citroën and DS fleet. It represents 51% of DPF-equipped diesel vehicles sold worldwide, equivalent to 758,000 vehicles at the end of 2015.

The Group is working on refining its technologies, not only to bring costs down without compromising on performance, but to give them new features – such as the SCR catalyst-impregnated filter – thereby reducing NO_x and eliminating particulate matter in a single emissions control system. This consists of integrating the SCR with the particulate filter (SCRF system, or "Selective Catalyst Reduction on Filter").

2.2.1.3. LIMITING THE ENVIRONMENTAL IMPACT OF MATERIALS AND MANAGING END-OF-LIFE VEHICLES BY MANAGING MATERIALS SUSTAINABLY AT EACH LIFE CYCLE STAGE

2.2.1.3.1. Measures taken by the Group to improve the efficient use of materials

Proactive use of green materials G.28

PSA has undertaken to incorporate, on average, 30% natural and recycled materials in the Group's vehicles. Recycled materials are integrated throughout the vehicle. Although metals are some of the most extensively recycled materials, the aim is to promote the recycling of metals in automotive products.

In addition, the Group is continuing its research efforts on recycled polymers (non-metal and non-mineral elements), polymers representing on average 20% of the total mass of a vehicle. Most other materials (metals, fluids, etc.) are already recyclable, and indeed are widely recycled.

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

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

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

- PSA is involved in the FINATHER project, aimed at developing innovative thermosetting composite materials with low environmental impact for the automotive and rail transport sectors. Innovations consist of substituting compounds of petrochemical or organic origin with bio-based, renewable compounds to a large degree; this line allows vehicles to be lighter. For these materials, conventional petrochemical resins are replaced by resins obtained from linseed oil, and fibre glass by flax and hemp fibre;
- through the Île-de-France Regional Automotive Industry Association, PSA is sponsoring the BIOmass for the Future/ Miscanthus project alongside the INRA (National Institute for Agronomic Research).

The use of green materials is now standard in engineering design.

Use of natural and recycled materials in vehicles

- The Citroën C4 Cactus contains 30% natural and recycled materials on average throughout the vehicle. About 40 polymer parts incorporate recycled materials and materials of natural origin.
- The new Peugeot 308 contains 30% natural and recycled materials on average throughout the vehicle. Approximately 70 polymer parts incorporate recycled materials and materials of natural origin.

  Some of the noteworthy features of the Peugeot 308 include a polypropylene door panel trim made from natural fibres. A life cycle analysis (LCA) on this trim, carried out in partnership between PSA and Faurecia, revealed that the use of polypropylene made from natural fibres can reduce the environmental impact by around 20%, compared with the same polypropylene part made from talcum, and this for all environmental indicators covered in the LCA.

On average, the percentage incorporation of green materials on vehicles sold worldwide in 2015 was over 30% (weighted average on 2015 volumes of vehicle sales in Europe).

Reducing hazardous substances G.24 G.41

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

- **the elimination of four heavy metals (lead, mercury, cadmium and hexavalent chromium)** that are regulated by Directive No. 2000/53/EC on end-of-life vehicles. In 2002, the Group 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. For example: the hexavalent chromium (chromium VI) used in many anti-corrosion coatings has been replaced, while the lead weights used for wheel balancing have been replaced by zamak weights;
- **compliance with the REACH regulation.** As the final link in the production chain, the Group 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. The Group has set itself the goal of minimising the use of substances on the REACH candidate list and anticipating the restrictions in Annexes XIV and XVII by working as far upstream as it can during the new material research and innovation phase. For example, DEHP (Diethyl Hexyl Phthalate), used as a plasticiser in PVC sheaths for wiring harnesses, has been replaced.

Other chemicals regulations (e.g. regulation on persistent organic pollutants, biocides, etc.) with an impact on the design and/or manufacture of parts are also taken into account.

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

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

2.2.1.3.2. Eco-design and life cycle analysis G.22 G.24 G.25 G.26 G.32

Allowing the Group to take the lead in sustainable mobility and new materials

Based on this principle, the Group 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.

The Group has set itself the goal of performing a life cycle analysis for each new family of vehicles. In addition, for each major technological change or strategic innovation, a study is carried out, in conjunction with suppliers, to assess changes in the environmental impacts of these modifications (changes in raw materials, integration of natural/recycled materials, strategic or functional innovation, etc.). As a result, in 2015, life cycle analyses covered 44.5% of the total fleet sold. The LCA methodology used was certified during a critical review by Bio By Deloitte, a firm specialising in life cycle analysis.

Environmental impacts are taken into consideration in the innovation process and a complete evaluation is made of each critical innovation. The goal is to guarantee that the environmental impacts from a new model are less than for the previous generation. These results were verified with regard to:

- the Citroën C4 Cactus Euro 6 equipped with the AdBlue® emissions control system, compared with the C4 sedan;
- the new petrol and diesel Euro 6 versions of the Peugeot 308 compared with the previous versions of the Peugeot 308.

In 2016, the Group plans to carry out a life cycle analysis of the new light commercial vehicles replacing the Expert and Jumpy models as well as the replacement for the Peugeot 3008 and 5008, and to continue analysis on composite parts used to make vehicles lighter.

Monitoring the carbon footprint of a vehicle

PSA has begun a process to determine the total CO_2 equivalent of its operations in Europe. These calculations take into consideration all PSA activities that emit greenhouse gases (primarily CO_2), over the entire life cycle of an automotive product.

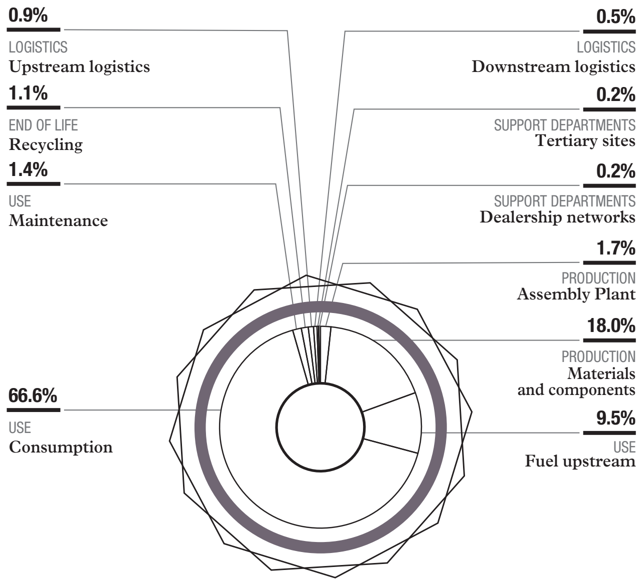
Accordingly, this assessment takes into account, over one year of activity, emissions from:

- production of materials and components for the vehicles manufactured: all component materials of vehicles manufactured in 2014 have been taken into account, from extraction to moulding and assembly on the vehicle, using life cycle analysis databases;
- Group production plants, whether assembly plants or mechanical component plants;
- service activities (including development sites): this information is derived from GHG (greenhouse gas) assessments carried out at all plants and tertiary sites of the PSA Group (reference 2014 GHG report);
- fuel extraction and production necessary to use the vehicles manufactured;
- use phase of the vehicles manufactured: The use of vehicles produced in the year 2014 has been taken into account according to the functional unit [use for a duration of ten years with 150,000km travelled]. This assumption allows us to estimate the amount of fuel consumption. The impact of fuel production is taken into account, based on data taken from life cycle analysis databases. The CO_2 emission data for each vehicle manufactured was also taken into account;
- vehicle end-of-life, modelled based on current treatment, enabling CO_2 emissions to be assessed for the vehicles treated.

The method was verified and approved by Eco Act, a firm specialising in environmental analysis and greenhouse gas diagnostics.

Distribution of the overall carbon footprint of vehicles manufactured in one year by the Group

In thousands of tonnes CO_2 equivalent



The total CO_2 equivalent emissions of vehicles produced in one year by the Group amounted to 33.2 million tonnes. The usage phase of the vehicle represents almost 80% of the vehicle's overall carbon footprint in terms of CO_2 equivalent emissions. Hence PSA is focusing its R&D efforts on the issues of fuel consumption and vehicle weight (see Section 2.1).

Eco-design for better recycling G.25

The Group's initiatives in this area come under European Directive 2000/53/EC of 18 September 2000 on end-of-life vehicles (ELVs), which sets out the requirements for vehicle design and the operational requirements for the treatment of end-of-life vehicles. It identifies three types of ELV recovery: reuse of parts, recycling of materials, and energy recovery.

Up until 2015, it required vehicles to be overall 85% recoverable by vehicle weight (of which 80% is actually reusable or recyclable) and after that, vehicles had to be 95% recoverable (of which 85% reusable or recyclable).

To fulfil these obligations, the PSA Group has set up a dedicated network. This highly cross-functional structure pools the expertise necessary for the upstream and downstream treatment processes. Management of the operation is divided into two areas: upstream, which covers the issue of eco-design, and downstream, which involves monitoring the collection and treatment of end-of-life vehicles. These are handled in close collaboration with our partners, such as suppliers, recycling operators and car manufacturers associations.

Preventive measures: commitment to recyclability

Upstream, the impacts of recycling end-of-life vehicles (ELVs) are taken into account in every new model and component. 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, the Group is involved in research and development projects with partners from the automotive and recycling sectors;
- **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 aim of this step is to avoid transferring pollution to another part of the environment when processing ELVs. As a participant in the International Dismantling Information System (IDIS) project, the Group provides scrapyard facilities with disassembly instructions for Peugeot and Citroën vehicles.

On 9 December 2014, the Group successfully renewed its three-year UTAC certification confirming its ability to put in place the processes necessary to meet the 95% recyclability/recovery requirement (in terms of vehicle mass), including 85% materials recycling or reuse: all Peugeot, Citroën and DS vehicles are now certified as fulfilling this requirement.

Management of end-of-life products: recycling and recovery

Recycling of end-of-life vehicles (ELV)

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

Apart from metals and plastics, PSA aims to recover a wider range of materials. This supplies two sectors of business activity:

- recovery and recycling of materials;
- recovery and recycling of energy.

In France, the Group relies on industrial partnerships that are technically and economically efficient. These ensure full traceability of ELVs and guarantee the achievement of the overall recovery rate.

The Group's partners work with networks of certified demolition companies (503 ELV Centres at year-end 2015) that collect end-of-life vehicles, deregister and decontaminate them, and then dismantle them to resell certain parts for reuse.

- This strategy led to **the collection and processing between 2009 and 2105 of more than 792,500 ELVs** sold through the Peugeot and Citroën networks.

  The Group's performance in France in overall recovery of ELVs collected through its network is compliant with European regulations and better than the national average:

  Group performance in 2013 = 92.7% of which **85.4%** reused or recycled[(1)].

  As previously reported, the most recent ADEME data (2013) at the national level reports overall performance in reuse, recycling and recovery to be 89.3% (of which 85.2% recycling and reuse).

On the European markets, the Group takes part in ACEA (European Automobile Manufacturers' Association)-defined action plans. By way of example, in 2015, an ELV recycling operational monitoring structure was created in Ireland and the Group initiated cooperation with the national authorities to halt the drop in the volume of ELVs handled by legal networks in Spain and Portugal. In addition, PSA monitors all ELV processing contracts signed by its subsidiaries and local operators, on the basis of various criteria including achievement of recycling and recovery targets.

In China, the Group is contributing to public debate by raising the awareness of legislators within the context of future end-of-life vehicle regulations.

Battery recycling

In accordance with Directive 2006/66/EC, the Group has introduced procedures for the collection and treatment of batteries from its hybrid and electric vehicles sold in Europe. Battery technologies for electric and hybrid vehicles require specific treatment processes to be used.

PSA has a contract for the entire European market with a single, efficient partner, whose recycling rates are higher than the regulatory thresholds of 50%. This agreement concerns all of the Group's dealership networks and manufacturing plants, for all powertrain battery technologies across all European marketing areas.

Inclusion in the circular economy

The Group participates in the circular economy: this commitment is reflected in tyre recycling and re-use and refurbishment of parts, described in greater detail in Section 2.4.2.3 of the 2015 CSR Report.

2.2.1.4. DEVELOPMENT OF MOBILITY AND ONBOARD INTELLIGENCE SERVICES

G.32 G.41

2.2.1.4.1. Mobility

The Group has a unit with responsibility for Mobility: the "Connected Vehicles and Services & Mobility" business unit. As a result of the growth of city-centre congestion, a change in consumer behaviour is being witnessed, with owner mentality increasingly being replaced by user mentality. Automobiles are not spared by this general trend and are tending to be perceived less as capital goods than as mobility objects, especially by younger generations.

PSA is demonstrating its societal responsibility by developing a range of mobility solutions in response to changes in stakeholder expectations: not just for consumers but also for regions.

Encouraged by the environmental performance of its products, resulting from its use of cutting edge technologies for internal combustion, electric and hybrid engines, the Group is actively addressing the concerns of the general public with regard to all types of mobility, with products ranging from bikes and scooters to LCVs). PSA is therefore a major player when it comes to these new mobilities, already having a presence in the following segments:

(1) At the end of 2015, ADEME (the French Environment and Energy Management Agency) was yet to release official figures for ELV operators in France, therefore the Group cannot confirm its performance for 2014.

- urban car-sharing via its recent strategic partnership with the Bolloré group, and its ongoing Citroën Multicity Berlin initiative;
- company car-sharing with Share Your Fleet;
- short-term rental and private passenger cars with drivers with Mu by PEUGEOT/PEUGEOTRENT.

One of the Group's commitments is to offer attractive, personalised and relevant experiences to satisfy ever-changing consumer demands.

These offerings equated to a fleet of more than 5,931 vehicles in Europe at 31 December 2015.

Urban car-sharing

Citroën involved in car-sharing in Lyon and Bordeaux from 2016

In addition to manufacturing and marketing Blue Summer electric vehicles, the partnership with Bolloré allows for a strategic alliance providing great opportunities in the field of mobility services.

The Bolloré group is, in fact, one of the world leaders in car-sharing. Its Autolib service currently has 189,000 members, 2,900 Bluecars, 900 stations, 4,700 charging stations in Paris and in 66 nearby towns and outlying suburbs. The service also operates in Lyon, Bordeaux and Indianapolis. Under this partnership, Citroën will consolidate its presence on the urban car-sharing market by deploying its C-Zéro electric vehicles in Bordeaux and Lyon from 2016.

Citroën Multicity Berlin

The PSA Group's first experiment in the field of urban car-sharing, Citroën Multicity in Berlin is the equivalent of the Parisians' Autolib' service. It is, in fact, the first 100% electric operator in the German capital.

Available in Germany since 2012, in partnership with Deutsche Bahn (the German state railway company), this system, which has a fleet of 250 vehicles, operates on a subscription basis. Users take out a subscription and reserve their vehicle using the Smartphone app or via the Internet. Rental is highly flexible because it is billed by the minute at very attractive prices.

https://www.multicity-carsharing.de/

Company car-sharing: Share Your Fleet

This service, which is primarily intended for medium-sized and large business car fleets, allows employees to reserve their vehicles online via a simple, user-friendly electronic platform, and access them without keys using an RFID tag system. Radio Frequency IDentification technology allows a person wearing a tag to be identified based on proximity with a reader (e.g. company site passes).

Share Your Fleet includes all the services of a long-term lease (maintenance, insurance etc.), online assistance, and carsharing technology installed in the vehicles covered under their warranties.

This solution allows companies to:

- reduce mobility costs by up to 30% through optimised vehicle use, lower taxi/public transport costs and additional revenues generated by private vehicle use; in the latter case, the Company's employees can use company vehicles over the weekend, for example, by paying rental charges;
- have a service that employees want to use: 24/7 access to vehicles, flexible use (reservations up to 15 minutes before departure).

The internal Share Your Fleet fleet grew from 20 to 30 vehicles in 2015.

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

http://www.share-your-fleet.com/

Short-term rental: Mu by PEUGEOT/PEUGEOTRENT

Since 2010, Peugeot has offered a short-term rental service called Mu by PEUGEOT/PEUGEOTRENT Launched in France, Germany, the United Kingdom and Spain, Mu by PEUGEOT/PEUGEOTRENT had a fleet of 5,651 vehicles at 31 December 2015.

This service caters for a range of personal and business requirements:

- traditional Short-Term Rental of a wide range of vehicles for specific purposes, from small city cars ideal for getting around town, to commercial vehicles for moving house;
- replacement vehicle when the driver's own car is being serviced;
- long-term vehicle test drive.

Mu by PEUGEOT/PEUGEOTRENT guarantees the customer access to a reserved model of car, unlike more traditional rental services.

Lastly, the Mu by PEUGEOT/PEUGEOTRENT service enables customers toreserve a Peugeot 508 with driver via a partner firm, LeCab.

https://fr-peugeotrent.peugeot.com/accueil.html

2.2.1.4.2. Connected services

The Group's onboard intelligence services are designed to make mobility safer, more efficient and more environmentally friendly.

Although European regulations will not require the emergency call system to be in place until 2018, since 2008, PSA has been the leader in terms of sales of emergency and assistance services and, since 2010, has supplied equipment dedicated to connected services: the Connect Box.

Peugeot, Citroën and DS connect

Each of the Group's brands offers a series of services known as PEUGEOT Connect, CITROËN Connect and DS Connect. These services are dedicated to driver infotainment, safety, maintenance, connected navigation and to extending drivers' motoring experience even beyond their journey.

They are built into the customer's vehicle or smartphone.

Connected services built into the vehicle

Emergency call and assistance systems

As a result of the Connect Box with GPS module and integrated SIM card, in the event of incidents or accidents, customers are automatically connected to an operator who identifies them, plots their location and sends them technical or emergency assistance if needed. These two services are available without subscription, for an unlimited period and are operational 24/7, even outside France. Launched in 2003, these services are already available in over 1.8 million vehicles and are variously referred to as **"Peugeot Connect SOS & Assistance", "Citroën Connect Box with SOS & Assistance pack" and "DS Connect Box with SOS & Assistance pack"**.

Peugeot, Citroën and DS Connect Packs

The Connect Box offers access to service packs via the car's Internet connection:

The Monitoring Pack provides a virtual log book (automatic monitoring of mileage and servicing schedule, warning of maintenance work required) and eco-driving module (advice tailored to the motorist's driving style);

The Mapping Pack can plot the vehicle's location in real-time, display a history of different journeys and provide email alerts about car use (exit from pre-defined zone or pre-set time schedule + display of current or past journeys);

The Tracking Pack can geolocate, the car in the event of theft, to assist with its recovery by the police.

Peugeot, Citroën and DS Connect Fleet Management

This business service addresses three issues faced by fleet managers: fleet maintenance (with feedback via a series of mechanical and technical alerts), the environment, (with CO_2 emissions, real world fuel consumption and an eco-driving module giving tailor-made advice), and optimisation of vehicle use (with feedback on hours of use, geolocation and distances travelled).

This service is compatible with all Group vehicles with a factory-fitted Connect Box unit or a telematics unit fitted as an accessory on new or second-hand vehicles.

Peugeot Connect Apps and Citroën Multicity Connect

This range of 18 applications was specially designed for automotive use and is intended to make travel easier and safer.

It operates via a specific USB key connected to a vehicle port and can connect to the 3G network, thereby accessing real-time information to facilitate the in-car experience in 17 European countries.

For safe online driving, intuitive applications have been designed for use via the vehicle's in-car screen, driving or stationary, depending on the level of information.

From each application, occupants can launch the navigation system or make a telephone call with one simple touch.

Connected services via smartphone

Peugeot and Citroën Mirror Screen, DS Mirror Screen

The Mirror Screen function **enables smartphone apps to be accessed from the vehicle's touchscreen in full safety**, using **MirrorLink®** (Android phones) and **Apple CarPlay**™ (Apple phones) technologies. The applications selected for use are road-safety certified. They are **ergonomically designed** and are controlled from the touchscreen or, in some cases, by voice command. Mirror Screen avoids the need to touch the smartphone itself.

Link MYPeugeot, Link MYCitroën, and My DS

These are free, simple and intuitive apps which extend the driving experience to the smartphone.

Via a Bluetooth link, the app recovers the vehicle's technical information. Customers can, therefore, consult all their travel statistics and improve fuel consumption from their smartphones. In addition, as a result of regular scheduled maintenance reminders, they are always aware of when the next service is due.

Using the "Find my car" and "Continue navigation" functions, they are able to locate their parking spot with ease and continue on foot to their destination.

MyDS also enables to send and receive SMS messages using voice commands, consult calendars and search for Points of sale.

China: Blue-i (Peugeot)/Citroën Connect/DS Connect

Drawing on its experience in Europe, in 2014 the Group launched connected service packages in China with its joint venture partners DPCA and CAPSA: Blue-i (Peugeot), CITROËN Connect et DS Connect are fitted in new vehicles. Designed to be compatible with the driving position, these round-the-clock services are offered to customers on a two-year contract. They allow access to emergency services and assistance and provide information on traffic, local points of interest and new vehicle features, as well as news updates. These in-car services are accompanied by a mobile app on the customer's smartphone. This includes, for example, a "last-mile guidance" system, enabling the customer to complete the journey on foot with guidance to the final destination after parking the vehicle.

2.2.2. Industrial ecology of Group sites

The reporting scope, methodology and terminology are explained at the end of Chapter 2.

THE GROUP'S ENVIRONMENTAL PROTECTION POLICY AT THE INDUSTRIAL LEVEL

The environmental policy of the Industrial Division applies to all industrial entities of the Regional Divisions. It aims to be among the best in terms of operational efficiency by 2025. This vision requires all Group plants to embrace the "Excellent Plant" concept, on a par with the world's leading car manufacturers, by pooling the know-how of the various industrial business lines, including environmental activities.

The Industrial Department's environmental policy contributes to five issues:

- **Energy performance and carbon footprint:**

Reducing the carbon footprint of industrial activities based on two key priorities: by reducing plant energy consumption and optimising logistics operations.

Advocating the use of renewable energy wherever feasible.

- **Industrial discharges and pollutants:**

Managing the environmental impacts associated with industrial activities, particularly the use of chemicals (such as emissions from paint shops, and the risks associated with the use of these products), and reducing the impact on local residents.

- **Waste and materials cycles:**

Developing the circular economy through research and implementation of waste treatment schemes with the assistance of the Group's partners in this area.

- **Water:**

Managing water consumption, usage and treatment in industrial processes.

- **Biodiversity:**

Protecting the species identified, with a view to reducing the Group's impacts.

A solid and proven organisational structure that gives thought to environmental issues in processes

G.20

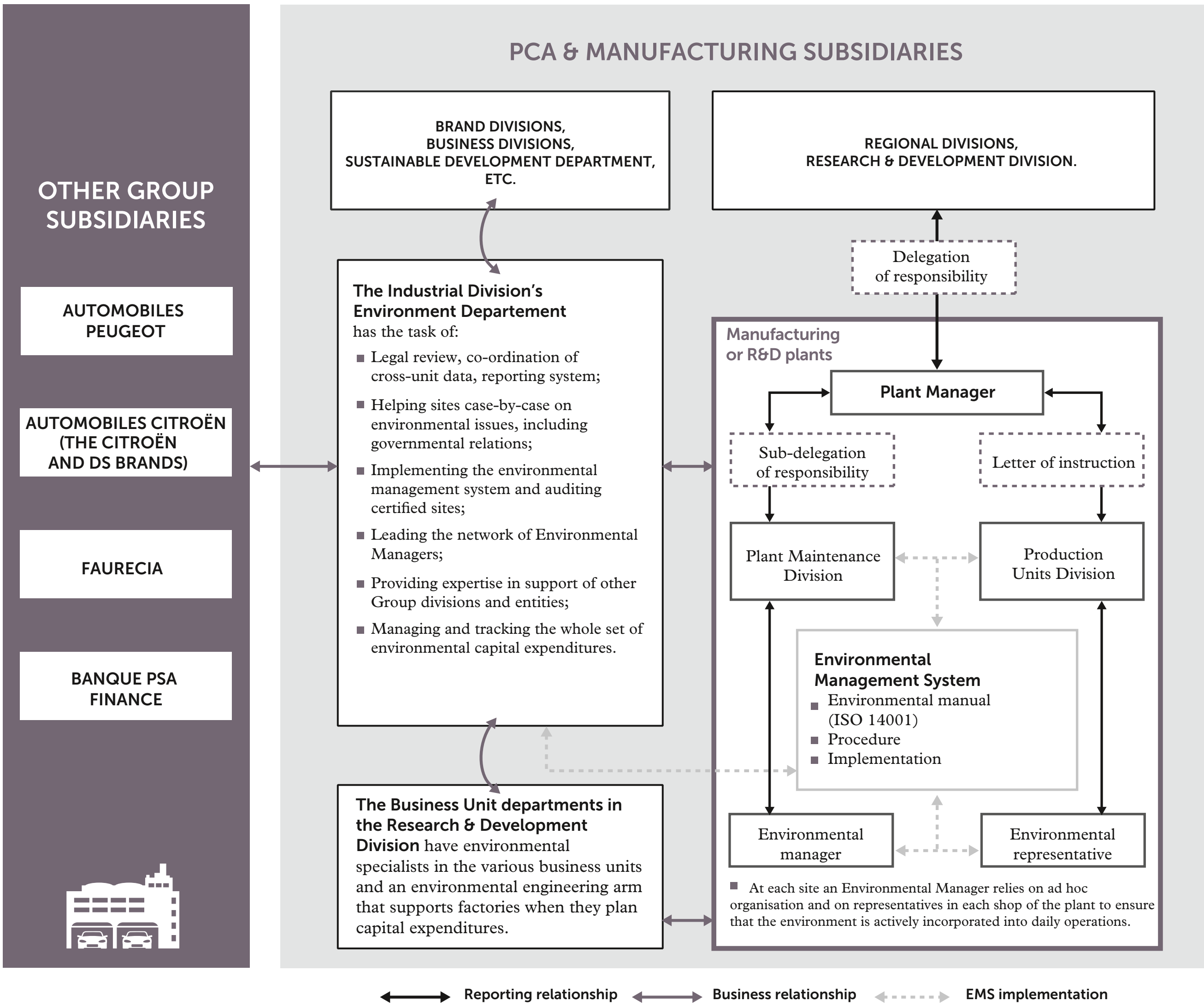
For many years, the Group has been engaged in proactive environmental stewardship at its production, research and development sites and each secondary site, with a commitment to ensuring that their operations comply with local regulations, fully safeguarding the surrounding environment and the quality of life of host communities, while demanding continuous improvement.

First launched at PCA sites, this policy is being rolled out to the brand's dealerships. The Brand Department encourages its dealers and garages to manage their environmental indicators (water, energy, waste) so as to improve performance. This performance has been a vital asset in demonstrating to investors and customers alike the Group's responsibility when it comes to its environmental impact.

The Group's industrial strategy combines environmental stewardship with a commitment to continuous improvement based on a disciplined organisation, a methodology structured around environmental management (ISO 14001) and the allocation of significant financial resources. Environmental data reporting draws on 2015 data, using a new tool which supplements and harmonises Group applications used in this area. The history acquired since 1989 is saved, thus enabling the Group to prioritise and effectively tackle the major environmental issues associated with its activities.

In all, some 400 people are directly involved in managing the Group's industrial environment.

Since 2015, in anticipation of changes in the 2015 version of ISO 14001, the Group began to adapt its environmental management system to comply with the principles of the PSA Excellence System. This harmonisation will support environmental impact management at work stations, thereby increasing the involvement of all operators.



Brand dealership networks

The vehicles of the three brands are distributed by points of sale owned by the Group and headed by Peugeot Citroën Retail (PCR), as well as by independent dealers.

Since 2008, the Group has used an information system to collect, monitor and consolidate environmental data from across its proprietary network. Since 2012, it has been possible to access a Peugeot – Citroën Retail (PCR) site database in order to assess various types of point-of-sale infrastructure and their state of repair. A smart metering system was installed in 2013 to monitor consumption. It has been rolled out at 97 points of sale across the French dealership network: this system enables the points of sale to take action in the event of excessive consumption. It is also expected to enable sales outlets to set up and manage corrective measures over a longer term, so as to be more effective in helping to reduce energy consumption and GHG (greenhouse gas) emissions.

Since 2012, the network has been restructured with the aim of sharing points of sale to help to reduce its carbon footprint. In the medium term, once the network has been optimised, the aim is to equip each point of sale within the Group's network with a remote monitoring system.

The environmental strategies of the dealership network are overseen by a network of representatives for each brand subsidiary, covering dealerships.

After-sales representatives from the PCR France dealership networks are encouraged to develop their environmental skills within the framework of after-sales organisation programmes deployed by the brands: Osmose for Citroën and Odas for Peugeot (see 2.2.2.3.2). Experts raise awareness, most notably, of waste recovery and storage conditions as well as cleaning and maintenance rules relating to waste collection points.

An active certification policy G.20

Automotive Division

In place for more than 15 years (1999), the certification process is now fully implemented in the production plants, which are all ISO 14001 certified. The Group recognises the new version of the standard, published in September 2015: this new benchmark will be applied from 2016 during site renovation audits. Automotive industry cooperation agreements with Toyota, Dongfeng Motor Corp, Mitsubishi in Russia and Fiat in Italy are also certified.

Faurecia

With regard to Faurecia, 66% of its facilities are ISO 14001 certified, an increase of 5% over 2014.

Actions taken to train and inform employees about protection of the environment G.21

Automotive Division

The Group has identified an environment business within the business lines developed for all its core operations. The fact that it is certified by PSA University allows the training path for every major environmental contributor to be defined, thus aiding in the full completion of his or her activity. These training courses include hands-on internships during which experiences can be shared, as well as e-learning sessions, with testing to ensure that learning is up to speed. In addition, the Industrial Environment Department assists these individuals by permanent monitoring (regulations and best practice), supported by external assistance with identifying texts and applicable requirements.

In the plants, the identification of work areas that impact the environment is regularly updated and leads, for such areas, to the establishment of special training to ensure knowledge and mastery of the impact generated by these activities.

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 totalled 6,930 hours in 2015.

Measures for the prevention of environmental risk, pollution or effluents at sites G.24

With a tried-and-tested organisational structure in which each Group facility has an environmental manager coordinated centrally by a team of experts, and with every employee committed to managing impacts at each stage of the process, the Group's environmental strategy is guaranteed to be effective.

On that basis, the environmental component of the Excellent Plant, as a performance metric for the Industrial division, have led to ambitious targets being set for all aspects that it has the ability to influence: air emissions, control and reduction of natural resource consumption, reduction of discharges into water, waste, biodiversity management, and the implementation of appropriate methods and reliance on the involvement of all employees.

Resources implemented G.22

Production sites

The Industrial Division's environmental vision is developed starting with the design of new means of production, so that its environmental impact can be considered. It can thus be estimated that 2% of the amount of investment in industrial tools corresponds to taking their environmental impact into consideration. In addition, the Industrial Environment Department manages an annual investment plan that provides for plant compliance operations relating to regulatory changes and the reduction of pollution and environmental risks. So, despite a difficult economy, an annual investment plan of €2.5 million was launched in Europe in 2015. 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.

Provisions for environmental risk G.23

PCA

In accordance with Decree No. 2012-633 of 3 May 2012, since July 2014 the Group has established financial guarantees of €1 million as security for certain installations of its French facilities classified as environmentally sensitive. By 2019, the Group will have financial guarantees of approximately €5 million.

Pursuant to the aforementioned decree, Faurecia identified two French sites obliged to establish financial guarantees. In 2015 the amount of guarantees established was €140,840 for the two sites in question.

Compensation paid pursuant to a legal decision for environmental damage

PCA did not have to pay any such compensation in 2015.

In 2015 a penalty of €354 was paid by **Faurecia**.

2.2.2.1. ENERGY PERFORMANCE AND REDUCTION IN CARBON FOOTPRINT IN THE FACE OF CLIMATE CHANGE

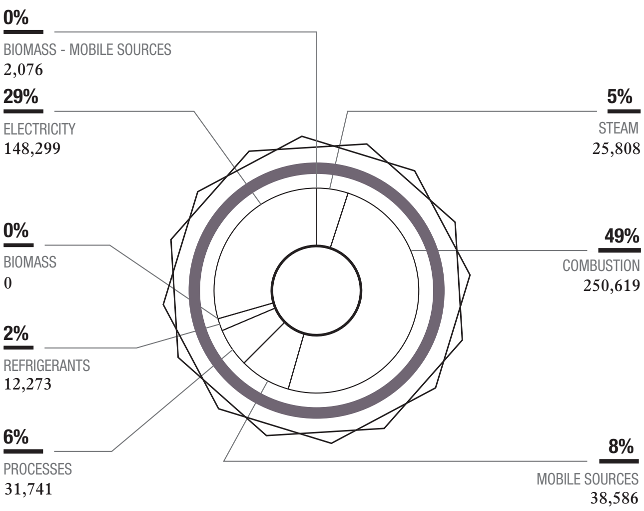
Like the product strategy, where the emphasis is on the development of low-carbon vehicles, the Industrial Division has, through its environmental policy, promised to participate in the Group's efforts to reduce its carbon footprint in relation to energy consumption. Within the Automotive Division, vehicle production uses energy for a wide range of industrial processes, such as 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 since 1995 to reduce per-vehicle energy consumption by 32% and greenhouse gas (GHG) emissions by 50%.

Surveys of GHG (greenhouse gas) emissions

Pursuant to Article L. 225-25 of the Environmental Code, derived from the Grenelle environment laws, the companies concerned in the Automotive Division (companies with more than 500 employees) have implemented greenhouse gas (GHG) emission checks (six GHGs from the Kyoto protocol) for their French operations, on the basis of 2014 emissions. These checks were conducted within regulatory scopes 1 and 2. Every company in question has established its report by applying the methodology established at the Group level, and passed it on to the competent regional Prefect in December 2015.

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

In tonnes CO_2 equivalent



An action plan covering the period from 2015 to 2017 was attached to each assessment, the total expected gain being estimated at over 41,000 tonnes of CO_2. The actions adopted came from either the energy management plan (e.g. reduction of electricity or gas consumption), or specific actions to reduce GHG emissions (e.g. use of refrigerants with a low Global Warming Potential).

This second iteration of the GHG assessment, using the same methodology, provides points of comparison between the two reporting periods. A decline of 80,000 tonnes of CO_2 emissions was observed, showing that the action plans were brought off successfully, since they called for a 60,000 tonne reduction. This represents an 8.5% decline in CO_2 emissions produced per car in France.

2.2.2.1.1. Managing energy consumption G.29

In 2015, updates of GHG emissions reports performed in France have bolstered the action plans adopted by the Industrial Department to reduce the carbon footprint of plants. These results confirmed that 83% of greenhouse gas emissions emitted by the Group come from primary and secondary energy consumption. Greenhouse gas emissions by French sites accounted for two-thirds of Group emissions. The foregoing detailed analysis is quite representative of the GHG emissions profile of manufacturing activities. It makes sense therefore to tackle energy efficiency in order to reduce the carbon footprint of the Group's industrial activities.

This management plan is essentially based on:

- mapping the energy performance of all industrial sites to optimise their energy use. Today, the Group's commitment to managing energy consumption has come to maturity. The Group currently has four ISO 50001 certified sites: three industrial sites and a data centre. This demonstrates its commitment to reducing its carbon footprint;
- reduction in logistics-related CO_2 emissions with an action plan extending until 2022, even though this item is not included in the GHG report;
- increasing the proportion of renewable energy in industrial processes, when an economically viable opportunity occurs.

Reported energy consumption is expressed in MWh NCV (the most common unit of measurement). In terms of method, the use of calorific values is recommended by the French Decree of 31 October 2012, transposing Commission Regulation (EU) No. 601/2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council. The coefficients proposed by these two regulations are derived from the work of the IPCC (Intergovernmental Panel on Climate Change), as are those of the Greenhouse Gas (GHG) Protocol, used as a reference by the Global Reporting Initiative (GRI). As a result, values expressed in MWh can be converted to TJ simply by applying a multiplying factor of 3.6 (1 Wh = 3.6 kJ).

Overall energy consumption

DETAILED ENERGY CONSUMPTION

		Combustible energy							
		Non-renewable				Renewable	Energy non-combustible		
(in MWh ncv)	Year	Heavy fuels	HHO	NG + LPG	Coke	Biomass (wood)	Electricity	Steam	Total energy consumption
Automotive Division	**2015**	**0**	**1,383**	**1,673,163**	**75,848**	**15,893**	**2,209,836**	**132,146**	**4,108,269**
	2014	-	3,818	1,540,952	76,713	14,376	2,218,139	143,707	3,997,705
	2013	-	4,789	1,926,517	85,797	16,070	2,239,859	206,428	4,479,460
o/w PCA France	***2015***	***0***	***1,019***	***1,126,917***	***75,848***	***15,893***	***1,623,546***	***132,146***	***2,975,368***
	2014	-	*3,606*	*994,651*	*76,713*	*14,376*	*1,615,187*	*142,530*	*2,847,063*
	2013	-	*4,505*	*1,290,007*	*85,797*	*16,070*	*1,718,439*	*204,351*	*3,319,169*
Automotive trade	**2015**	**436**	**8,886**	**111,783**	**0**	**0**	**115,095**	**3,954**	**240,154**
	2014	565	12,128	120,576	-	-	123,274	3,751	260,293
	2013	524	14,650	159,489	-	-	137,862	5,756	318,281
Faurecia	**2015**	**1,423**	**9,970**	**736,919**	**5,373**	**0**	**1,572,758**	**23,067**	**2,349,510**
	2014	571	7,645	766,274	5,017	-	1,586,594	17,497	2,383,598
	2013	780	7,777	802,833	-	-	1,523,480	22,622	2,357,492
TOTAL	**2015**	**1,859**	**20,239**	**2,521,865**	**81,221**	**15,893**	**3,897,689**	**159,167**	**6,697,933**
	2014	1,136	23,591	2,441,380	81,730	14,376	3,935,285	164,955	6,662,452
	2013	1,304	27,216	2,909,046	85,797	16,070	3,909,406	234,806	7,183,645

Heavy fuel oil = HSFO + LSFO + VLSFO.
HSFO = High-sulphur fuel oil.
LSFO = Low-sulphur fuel oil.
VLSFO = Very low-sulphur fuel oil.
HHO = Home heating oil.
NG = Natural Gas.
LPG = Liquefied Petroleum Gas.

Energy consumption by the **Automotive Division** continued to decline in 2015 on a per car produced basis, down to 2.07 MWh per vehicle produced. The changes in terms of energy type were mixed. The improvement in electricity use proved the effectiveness of the actions taken with regard to lighting, the operation of equipment and the introduction of more energy efficient production equipment; the slight deterioration in gas usage was related to two factors: a somewhat harsher climate than in 2014 and the breakdown of a furnace of one of PSA's partners, which the Group had to make up for with its own equipment.

Data from the Peugeot and Citroën brands related on average to 97% of plants in 2015 (90% in 2014, 97% in 2013) for direct energy consumption and 94% of plants in 2015 (97% in 2014, 95% in 2013) for indirect energy consumption.

Faurecia's, energy consumption in 2015 was 2.3 million MWh, level with 2014. As a fraction of hours worked, Faurecia lowered its energy consumption by 6.2% or 12.82 kWh used per hour worked. Electricity accounted for 67% of the total energy used by Faurecia sites.

At the Group level, improvement efforts were focused on production equipment and utilities: the installation of new cold water (coolant) production units, the automatic shut-off of presses and other production machinery, lowered spikes in electrical consumption when machines start up, the replacement of natural gas powered trolleys and carts with electric-powered ones, and more.

Voluntary measures were also taken to target potential sources of energy savings and to invest in improvements in the site's operating costs. The programmes go through three phases: measure the site's energy efficiency, identify energy waste, and devise and execute corrective and preventive action plans. Faurecia thus went to work improving the energy consumption at many sites by installing smart, energy-stingy lighting and heating systems: installing motion detectors, replacing incandescent bulbs with LEDs, and maintaining level ambient temperature on the shop floor by using air destratifiers[1].

2.2.2.1.2. Reducing industrial greenhouse gas emissions G.31 G.32

The Automotive Division

Since 1990, upgrades of facilities, substitution of fuel oil and coal with natural gas, development of cogeneration and energy consumption control efforts have contributed to improving energy efficiency and reducing greenhouse gas emissions.

(1) Since warm air is lighter than cold air, it has a tendency to rise while cold air pools at ground level. Putting in a destratification system brings down the warm air. This brings about a large reduction in energy consumption and greater personal comfort.

Greenhouse gas emissions have been cut in half over the past 20 years and in 2015 were 283 kg in CO_2 eq. per vehicle. This result reflects a levelling in CO_2 emissions from manufacturing after a period of sharp decline that came from efforts to modernise the energy patterns of our plants and to activities conducted in the factories on controlling energy use. This levelling also occurred because the factors creating emissions were just the same as in 2104. The Industrial Division is aware of environmental issues related to greenhouse gas emissions, so it has set emission reduction targets to through beyond 2020 by setting an intermediate goal for 2018, when the Group plans to reach 300 kg CO_2 eq. per vehicle. The CO_2 objective was attained, but not the per vehicle energy objective. For this reason, the Group is maintaining these two objectives to add to the progress made in this area.

Brand dealership networks

For the Group's own dealership networks, the Peugeot Citroën Retail (PCR), the blueprint entity, has introduced, as previously mentioned, remote meter electricity, gas and water meter readings. Consumption is read automatically every hour direct from point-of-sale meters. Alerts are programmed to be sent to the site manager and accounting manager by email if the system detects any anomalies so that their cause can be investigated (e.g. discovery of non-visible leaks or excessive consumption due to improper use of facilities). The results of this effort still have room for improvement. Though the replacement parts workshops have very significantly improved in water and energy consumption, as well as in emissions, only small progress has been seen at points of sale. This is attributable to the increase in sales and production volume in 2015, as well as to the restructuring of a few sites and the installation of additional wash stations. Nonetheless, still greater care must be taken to ensure that the Group develops out corrective measures to regulate and reduce the use of energy by its facilities.

The Group's Real Estate Department, within the context of European Directive 2012/27/EU on energy efficiency, has initiated an energy audit in 2015 on over a hundred or so dealerships in France. The findings will be known in spring and an action plan will be compiled to optimise energy consumption by 2020.

Direct air emissions from combustion plants

Note: Direct emissions are calculated based on the direct energy consumption by applying emission factors acknowledged by the greenhouse gas emissions trading system (EU ETS) in compliance with the Decree of 31 October 2012 or European Decision 2012/601 in the case of 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. To make reading easier, the Group used the same emissions factors in 2014 as for the five previous years. These components will next be updated in 2019.

SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS (GHG)

(unit: tonnes)	Year	CO_2	N_2O	CH_4	Direct GHG emissions in CO_2 eq. (Scope 1)	GHG emissions from renewable sources (CO_2 eq.)*	Indirect GHG emissions in CO_2 eq. (Scope 2)	Total GHG emissions in CO_2 eq. (Scope 1 + Scope 2)
Automotive Division	**2015**	**374,740**	**15.3**	**25.87**	**380,025**	**5,263**	**185,312**	**565,338**
	2014	343,212	13.9	22.1	347,813	4,859	181,884	529,696
	2013	425,764	17.4	27.7	431,526	5,430	289,319	720,845
o/w PCA France	***2015***	***262,265***	***10.38***	***18.05***	***265,862***	***5,263***	***73,131***	***338,994***
	2014	*230,778*	*9.0*	*14.3*	*233,755*	*4,859*	*64,307*	*298,061*
	2013	*294,743*	*11.7*	*18.6*	*298,605*	*5,430*	*141,453*	*440,058*
Automotive trade	**2015**	**25,516**	**1.06**	**1.65**	**25,867**	-	**29,970**	**55,836**
	2014	28,240	1.2	1.8	28,620	-	32,186	60,807
	2013	36,911	1.5	2.4	37,413	-	35,413	72,826
Faurecia	**2015**	**155,223**	**6.68**	**10.13**	**157,427**	**-**	**632,905**	**790,332**
	2014	161,114	6.9	10.6	163,406	-	637,463	800,869
	2013	170,083	7.3	11.1	172,499	-	602,461	774,960
TOTAL	**2015**	**555,479**	**23.04**	**37.65**	**563,319**	**5,263**	**848,187**	**1,411,506**
	2014	535,357	22.1	34.7	542,670	4,859	851,691	1,394,361
	2013	636,912	26.4	41.5	645,651	5,430	927,587	1,573,238

* *Greenhouse gas emissions from the combustion of biomass are not included in direct emissions in accordance with the GHG Protocol guidelines.*
The calculation of direct GHG emissions expressed in tonnes of CO_2 eq. is carried out by applying coefficients (global warming powers) of, respectively, 298 for N_2O and 21 for CH_4 (source: IPCC reports, 298 and 21 respectively). Indirect emissions are calculated based on the purchase of electricity and steam in compliance with emissions factors obtained from steam suppliers and by using the same factors as the year before for electricity.

For PCA, using the same emission factors in 2014 and 2015 makes it easier to compare information. It highlights the greenhouse gas emission ratio per car produced settling down at a very low level of around 280kg. This good performance is partly due to the Group's strong industrial presence in France, which enables it to have access to low carbon electricity, and also to the plant's efforts towards better controlling their consumptions. These ongoing management efforts are performed, day after day, and prove to be effective.

Lastly, it should be noted that more than 15% of the electricity used by manufacturing plants comes from renewable sources.

The above-mentioned **data from the brands** was reported from the same proportion of sites as for energy consumption (see explanations on page 48).

Indirect emissions at **Faurecia** constitute the Group's biggest source of emissions, at 631,930 tonnes of CO_2 equivalent (level with 2014). These emissions stem directly from energy consumption, which represents the major source of energy used by Faurecia sites. Direct emissions account for only 20% of Faurecia's total emissions, or 163,109 tonnes of CO_2 equivalent (down 1% from 2014.) They are generated by fossil fuels (natural gas, liquefied petroleum gas and fuel oil) and by leaks of refrigerant gases from air-conditioning and coolant systems. As a fraction of hours worked, GHG emissions were down 7% from 2014.

In keeping with the efforts undertaken since 2012, Faurecia sites have continued to reduce their R22 refrigerant gas use (down 29% from 2014) in compliance with the international regulations related to the Montreal Protocol, which inter alia has prohibited R22 in Europe since 1 January 2015. Thirty sites continue their policy of keeping this refrigerant out of their processes.

Participation in the CO_2 emission allowance scheme

The Group qualifies for the CO_2 emission allowance scheme set up in application of European Union Directive No. 2003/87/EC, amended, on greenhouse gas emissions trading, due to its combustion activities within its main units (heating and processes) on the one hand and, on the other hand, to its casting activities. As regards the third phase of the CO_2 emission allowance scheme scheduled from 2013 to 2020, ten plants are involved (Sochaux, Mulhouse, Rennes, Poissy, Vesoul, Vélizy, Sevel Nord and Sept Fons in France and Vigo in Spain).

During the first three years of Phase 3, the scorecard showing quotas for and emissions from the above-mentioned ten sites was as follows:

Year	Allowances (quotas)	Emissions* (tonnes of CO_2)
2013	324,741	308,395
2014	292,449	250,174
2015	359,802	257,558

* *Sum of verified PSA emissions and theoretical emissions related to purchased steam, for which we receive allowances.*

From 1 January 2015, pursuant to an EU decision, the Automotive Division has been included in the list of sectors exposed to a carbon leakage risk, which includes a revised allocation of free quotas.

2.2.2.2. INDUSTRIAL DISCHARGES AND POLLUTION: MANAGING THE IMPACTS ON THE ENVIRONMENT AND LOCAL RESIDENTS

2.2.2.2.1. Controlling atmospheric emissions G.24

The processes put in place in automotive manufacturing use chemical products, and the Group is seeking to limit their use and impact.

Volatile organic compounds

Volatile organic compounds (VOCs) are monitored, and an action plan is created to reduce their emissions.

Within the Automotive Division, even though overall emissions of VOCs from the Group's paintshop facilities are marginal compared with the total VOCs discharged into the atmosphere in France (less than 1% of France; source CITEPA: Emissions inventory of atmospheric pollutants and GHG in France 2014, or 689 kt), they nonetheless constitute the major environmental challenge with regard to emissions on a site-by-site basis.

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;
- designing low-emission paint shops in the new plants by manufacturing a narrower range of products (reducing the primer stage);
- installing air treatment equipment that incinerates VOCs on site when necessary;
- encouraging the sharing of experience and best practices among Group plants.

This action plan has helped the Automotive Division both to reduce VOC emissions by vehicles in the Group's auto body painting facilities by 66% since 1995 and, for each plant, to comply with the limits set by chapter on VOCs in Directive No. 2010/75/EU on industrial emissions, which was repeated from the VOC directive that entered into force in 1999.

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 3 kg since 2013 with 2.69 kg of VOCs emissions per vehicle produced for PCA in 2015.

VOC 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.

(in tonnes)	Year	VOCs	Ratio (in kg vehicle produced)
Automotive Division	**2015**	**5,354**	**2.69**
	2014	5,393	2.82
	2013	5,885	2.94
o/w PCA France	***2015***	***1,610***	***1.77***
	2014	*1,707*	*1.93*
	2013	*1,953*	*2.31*
Faurecia	**2015**	**2,655**	
	2014	nc	
	2013	2,366	
TOTAL	**2015**	**8,009**	
	2014	5,399	
	2013	8,259	

Within the Automotive Division in 2015, a levelling in VOC mass emissions was observed, and consequently a reduction in the ratio due to increased volumes produced. This reduction of more than 4% is the combined result of a reduction partly attributable to the performance of workshops using solvent-based paint, all of which made progress, while those using water-soluble paints remained stable. The renovated Sochaux workshop, which switched from an entirely solvent-based production to a 100% water-soluble production in four years, with no stoppage, has now reached its cruising rate and contributed to the overall performance. However customer demand for "two colour" vehicles resulted in higher emissions for the sites involved.

Faurecia seeks to limit emissions of volatile organic compounds (VOCs) which are regulated because of the role they play in the formation and accumulation of harmful compounds such as ozone in the environment. In 2015, total VOC emissions amounted to 2,655 tonnes.

The industrial sites of Faurecia Automotive Interior Systems' Business Groups (49%) and Faurecia Automotive Exteriors (37%) are the Group's largest sources of VOC emissions, as their activities require significant use of paints and solvents. The Faurecia Interior Systems Business Group has made a serious effort to reduce VOCs at the source by using water-based glues and paints.

In 2015, the Faurecia Automotive Exteriors sites increased their commitment to reducing VOC emissions by gradually replacing their old generation paint lines with new generation lines equipped with thermal oxidisers. These "new tech" paint lines improve the consumption of solvents and drastically reduce atmospheric emissions, on the order of 95%.

Other regulated atmospheric pollutants

In addition to limiting CO_2 emissions as described above, the gradual replacement of conventional high-sulphur fuel oil with low-sulphur fuels and natural gas has helped to substantially reduce worldwide sulphur dioxide (SO_2) emissions from the Group's power plants. Since 2012 and the permanent elimination of fuel oil usage, SO_2 emissions are marginal at 5 tonnes per year. At the same time, nitrous oxide (NO_x) emissions have also declined sharply thanks to improvements in thermal power stations, and the choice of fuels (natural gas as a substitute for fuel oil). They move towards an asymptote, now the boiler modernisation programmes are completed.

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.

(in tonnes)	Year	SO_2	NO_2
Automotive Division	**2015**	**4.42**	**373.3**
	2014	4.9	344.7
	2013	6.1	429.5
o/w PCA France	***2015***	***3.18***	***255.2***
	2014	*3.7*	*226.6*
	2013	*4.7*	*291.8*
Automotive trade	**2015**	**4.06**	**27.6**
	2014	5.4	30.8
	2013	6.3	40.0
Faurecia	**2015**	**8.37**	**163.03**
	2014	10.0	169.1
	2013	14.8	178.9
TOTAL	**2015**	**16.85**	**563.9**
	2014	20.4	547.5
	2013	27.3	652.8

The above-mentioned data from brands and Faurecia was reported from the same proportion of sites as for indirect energy consumption.

2.2.2.2.2. Protecting the soil G.24 G.30

Automotive Division and faurecia

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 and conducting checks and maintenance on the existing underground pipelines.

In addition, it aims to discover what past pollution may be present in the soils of 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 extensive investigations, some sites studied are being monitored. Depending on the site, these surveys were supported by a small number of one-time remediation or prevention programmes.

Dealership networks

The Group's Real Estate Department carries out extensive soil and diagnostic studies on the installations identified as potentially the most polluting at the time of sale or transfer. In 2015, particular attention was paid to all points of sale with underground structures. The objective was to ensure that the Group's installations were perfectly well-maintained.

In case of proven pollution, the Group implements an action plan to treat this pollution, in compliance with regulatory constraints, for making the site compatible with the intended use after it is has been sold or transferred.

In France, as part of the Odas and Osmose programmes, dealers are made aware of the need to encourage their customers to give greater consideration to their impact on the environment, particularly when washing their vehicles at home.

In addition, the "Technature" range of maintenance products is offered to customers across the Group's dealership so that they can opt for more ecological solutions (all products in the range contain at least 80% natural ingredients, they are biodegradable and non-hazardous for aquatic organisms).

2.2.2.2.3. Reducing other forms of pollution in local communities G.26

The measures to be taken to ensure the local population's tranquillity are assessed and adopted during impact studies or additional impact studies whose content is defined by regulations. These studies assess the sensitivity of residential areas located in the immediate vicinity of the sites, using criteria as diverse as sound level, olfactory pollution and traffic flows. They are carried out under new facilities or renewed at each significant stage of development of a site (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

As a result, about ten impact studies are conducted annually on the Group's sites.

Instances of discussions held at sites enabling local residents to feed back their comments in the event of any pollution. The nature of any grievances is taken into consideration in order to define and implement appropriate solutions. And so, in Poissy, unpleasant smells complained of by neighbours of the plant led to a review of how the paint waste water treatment installation behind this dispute was managed.

2.2.2.3. WASTE AND MATERIALS CYCLES: STANDARDISING RAW MATERIAL CONSUMPTION AND OPTIMISING WASTE RECYCLING

2.2.2.3.1. Consumption of raw materials G.28

Development of the circular economy

Out of an eagerness to apply the concepts of responsible development advocated by the Group's policy and to stay in line with a product strategy that promotes better recovery and recyclability for its vehicles, the Group's industrial sites are committed to developing a circular economy wherever they are located. This expresses itself in the desire to avoid any wasting of natural resources and to use only the quantity of raw materials necessary. This strategy also extends into waste management, through the achievement of zero landfill waste and encouragement of recovery and recycling. Locally, the plants are examining potential opportunities to exchange resources and waste as part of industrial ecology experiments.

Raw and recycled materials consumed (for PCA, direct material)

The Group's 2015 raw materials use was as follows:

- 2,090,000 tonnes of steel (compared with 2,195,000 tonnes in 2014) including 715,000 tonnes direct (compared with 770,000 tonnes in 2014);
- 290,000 tonnes of non-ferrous metals (compared with 275,000 tonnes in 2014) including 57,000 tonnes of aluminium directly (compared with 63,000 tonnes in 2014);
- 450,000 tonnes of synthetic materials, polymers and elastomers (compared with 460,000 tonnes in 2014).

The works on the reduction of vehicle mass entailed an overall decrease in material masses, particularly steel in the production of the Group's vehicles.

2.2.2.3.2. Waste management G.25

Within the Automotive Division, the Group aims to reduce the mass of waste per vehicle manufactured, as well as eliminating landfill waste in favour of recovery and recycling efforts in European plants.

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

- the weight of waste per vehicle produced has been reduced by more than 60%;
- 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 landfill. The gradual deployment of new outlets, depending on locally available treatment solutions, is driving a steady increase in the waste recovery and on-site recycling rate, which has now exceeded 89% excluding metal waste.

In addition, almost all scrap metal (sheet metal, filings, etc.) is recovered and put to a good alternate use in the steel industry or the Group's foundries.

When metal waste is taken into account, Group plants reclaim or recycle around 96% of their process waste.

For dealership networks in Europe, the Group signs framework agreements with specialist hazardous and non-hazardous waste management providers such as Veolia and Chimirec. This approach makes it possible to optimise waste monitoring and to ensure its traceability within treatment networks and is one of the performance targets for personnel responsible for overseeing business and financial performance within Peugeot Citroën Retail (PCR).

In France, the Group's brands are committed to waste sorting and recovery initiatives via AutoEco to encourage their points of sales to take measures to improve their waste management. Through its "Greenpact" initiative, developed in 2008, the Citroën France network recycles 13,000 tonnes of waste every year. Thirty types of automotive waste have been identified as recyclable to date. At the same time, Peugeot is rolling out its "Ici, on trie Green Team" initiative, which works on the same principle as the "Relais Vert Auto" programme, set up by the brand in the 1990s.

Lots of PCR France dealerships have been awarded the AutoEcoClean label. The is a quality label, awarded on an annual basis, to members who fulfil environmental criteria. Members are classed according to the quality of the data fed back and the longevity of their commitment to collect and sort waste. In 2015, 340 Citroën Retail points of sale were awarded labels, 169 bronze labels (one year), 66 Silver labels (four years), and 105 Gold labels (six years). The Peugeot Retail network has 401 points of sale that have been awarded labels (176 Autoclean Bronze, and 225 Autoclean Silver).

Every year, the AutoEco company organises the "Trophées de l'Environnement" to recognise the most exemplary points of sales. In 2015, 33 Peugeot France network points of sale and 5 Citroën France dealerships were invited to attend. The Citroën brand was recognised, winning the "Coup de cœur" award for its global action.

The Parts & Services Department also takes this environmental approach with the multi-franchise independent automotive maintenance and repair network, Euro Repar Car Service. The brand provides all its repair centres with a waste collection and recycling service via agreements with approved specialist companies.

In addition, within the context of the rollout of after-sales programmes (Osmose for Citroën and Odas for Peugeot), on-site experts include environmental preservation in their coaching, in particular, waste recovery and storage conditions.

All Faurecia sites, especially the production sites, aim to reduce the mass of waste generated during the manufacturing process. In total in 2015:

- 56% of waste was recycled (+3% compared with 2014);
- 15% of waste was with energy recovery (+11% comparded with 2014).

In 2015, Group sites produced 229,077 tonnes of waste (+4% compager with 2014). Non-hazardous waste accounted for 64% of the total (excluding metallic waste). Furthermore, metallic waste (scrap iron, castings) which represented 26% of the total, were fully recovered and recycled by the foundries.

Total weight of waste by type and disposal method

AUTOMOTIVE (EXCLUDING METAL WASTE RECYCLED NEARLY 100%)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	**2015**	**3,325**	**47,272**	**32**	**50,629**	**85,737**
	2014	3,316	45,550	44	48,909	80,578
	2013	4,251	46,892	27	51,170	92,976
Non-hazardous waste	**2015**	**4,582**	**59,792**	**2,776**	**67,151**	**980**
	2014	6,636	58,786	1,745	67,168	4,017
	2013	10,868	73,214	1,891	85,973	5,401
Hazardous waste	**2015**	**497**	**18,092**	**14,267**	**32,857**	**0**
	2014	760	18,473	15,138	34,371	0
	2013	1,293	16,568	18,794	36,655	0
TOTAL	**2015**	**8,404**	**125,156**	**17,075**	**150,637**	**86,717**
	2014	10,712	122,809	16,927	150,448	84,595
	2013	16,412	136,673	20,713	173,798	98,376

The table above does not include the metal waste (461,493 tonnes in 2015) nearly all of which was recycled or manufacturing waste which is mainly the result of compaction processes within the plants.

Waste recycled internally is not reported in the total. This consists of foundry sand regenerated on site by a thermal process, allowing it to be re-used in the process, and of wood waste that is reused as fuel in our biomass heating equipment.

The generation of process waste was stable in terms of volume but posted an reduced ratio of 119 kg per vehicle produced. Excluding foundery waste, said ratio steadily continued its downtrend and came to 51 kg. The quantity of buried waste was reduced by about 2,000 tonnes between 2015 and 2014. This outcome was due in particular to a reduction of waste production in plants outside Europe (Kaluga in Russia, Buenos Aires in Argentina and Porto real in Brazil) and also to the introduction of new processing methods. In addition, the industrial sites of Trnava, Sochaux, Mulhouse, Poissy, Hérimoncourt and Valenciennes confirmed that they no longer buried any waste at all (except the tiny fraction required by law to be buried).

O/W PCA FRANCE (NON-METALLIC WASTE)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Foundry waste	**2015**	**3,325**	**47,272**	**32**	**50,629**	**85,737**
	2014	3,316	45,550	44	48,909	80,211
	2013	4,251	46,892	27	51,170	92,976
Non-hazardous process waste	**2015**	**1,432**	**34,921**	**2,700**	**39,053**	**952**
	2014	964	30,669	1,583	33,216	4,017
	2013	1,279	33,407	1,743	36,429	5,219
Hazardous process waste	**2015**	**240**	**12,671**	**11,454**	**24,365**	**0**
	2014	183	13,600	12,482	26,265	0
	2013	301	13,283	14,251	27,835	0
TOTAL	**2015**	**4,997**	**94,864**	**14,186**	**114,047**	**86,689**
	2014	4,463	89,818	14,109	108,390	84,228
	2013	5,831	93,582	16,021	115,434	98,195

OWN BRAND NETWORK SCOPE (EXCLUDING WASTE METAL)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total
Non-hazardous waste	**2015**	**5,244**	**4,856**	**20**	**10,119**
	2014	5,597	4,591	19	10,209
	2013	nd	nd	nd	10,002
Hazardous waste	**2015**	**251**	**3,196**	**250**	**3,697**
	2014	302	3,463	192	3,957
	2013	nd	nd	nd	4,115
TOTAL	**2015**	**5,495**	**8,052**	**270**	**13,816**
	2014	239	8,054	211	14,221
	2013	nd	nd	nd	14,117

The above-mentioned data from brands was reported from an average 95% of their sites in 2015 (86% in 2014 and 85% in 2013). This table does not include metallic waste (1,976 tonnes in 2015).

FOR FAURECIA (EXCLUDING METALLIC WASTE, NEARLY 100% OF WHICH IS RECYCLED)

(in tonnes)	Year	Landfilling	Recovery and recycling	Other disposal methods	Total	On-site recycling
Non-hazardous waste	**2015**	**52,232**	**93,403**	**2,630**	**148,265**	**12,417**
	2014	56,154	87,779	3,292	147,225	12,477
	2013	54,513	84,751	3,675	142,939	2,136
Hazardous waste	**2015**	**2,522**	**9,460**	**8,874**	**20,856**	**555**
	2014	4,150	8,827	13,631	26,608	461
	2013	3,220	7,813	7,916	18,949	328
TOTAL	**2015**	**54,754**	**102,863**	**11,504**	**169,121**	**12,972**
	2014	60,304	96,606	16,923	173,833	12,938
	2013	57,733	92,564	11,591	161,888	2,464

This table does not include metallic waste (59,690 tonnes in 2015) which were 100% recycled.

2.2.2.4. CONTROLLING THE WATER CYCLE ON FACILITIES

2.2.2.4.1. Reducing water consumption G.27

For the Automotive Division, saving water is a challenge for every manufacturing plant. As with energy, each plant has its own water consumption management plan based on 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 73% reduction in water consumption per vehicle produced, thereby helping to conserve resources.

Beyond these efforts to save water based on management actions, the Group has long deployed reverse cascade rinsing to its painting activities. As a result, the water can be used for six cycles of successive rinses depending on its cleanliness. Today, to curb consumption of natural water resources, the Group works on solutions for the recycling of wastewater from industrial processes, including implementation of widespread innovative technologies such as evapo-concentration, which separate the oil phase from the water phase of aqueous discharges for reuse in the process.

WATER USE

(in m³)		Year	City water	Surface water	Underground water	Total
Automotive Division		**2015**	**1,848,222**	**3,116,964**	**2,411,330**	**7,376,516**
		2014	1,873,845	2,941,544	3,194,230	8,009,619
		2013	1,951,262	3,259,761	3,384,130	8,595,153
	o/w PCA France	***2015***	***989,006***	***1,833,538***	***1,859,049***	***4,681,593***
		2014	*942,877*	*1,996,341*	*2,585,244*	*5,524,462*
		2013	*1,040,016*	*2,755,334*	*2,394,104*	*6,189,454*
Automotive trade		**2015**	**507,657**	**0**	**50**	**507,707**
		2014	559,722	0	0	559,722
		2013	613,190	0	0	613,190
Faurecia		**2015**	**2,235,826**	**452,219**	**1,140,783**	**3,918,828**
		2014	2,209,653	595,967	1,199,473	4,005,093
		2013	2,019,282	684,032	924,151	3,627,465
TOTAL		**2015**	**4,681,705**	**3,569,183**	**3,552,163**	**11,803,051**
		2014	4,652,846	3,537,511	4,393,703	12,584,060
		2013	4,595,422	3,943,793	4,308,281	12,847,496

For PCA 2015 broke with the past in terms of water consumption, particularly at Sochaux and Mulhouse. The work undertaken in recent years to locate and treat leaks and eliminate unused arms has had an effect, and the consumption ratio per vehicle is 3.75 m^3. This ratio is actually 3.55 m^3 if you take out *Française de Mécanique*, which has been consolidated since 2014 and not factored into the objective the Automotive Division at 3.6 m^3/car, set for 2015.

Data for the brands was reported from 87% of sites in 2015 (88% in 2014 and 84% in 2013). Water consumption at dealerships was mainly for sanitary use and vehicle maintenance for points of sale with their own car wash.

Faurecia mainly uses water for the manufacture and cooling of auto parts, as well as for domestic purposes. In total, Faurecia sites consumed 3.92 million cubic metres of water in 2015, 1% less than in 2014. Water used in the cooling system accounted for 33% of total water consumption. Groundwater extraction is connected mainly with two industrial sites, one based in Germany and the other in France. This is done using open cooling circuits: all water used is discharged into the environment after cooling and verification of the discharge temperature. Neither site reported any water restrictions in 2015.

2.2.2.4.2. Water treatment

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. Additionally, the continued application of the nickel-free surface treatment process (Green STT) undertaken for several years now in the body factories has made it possible to significantly reduce the quantities of this heavy metal in the factories' end waste.

GROSS DISCHARGES INTO WATER FROM PLANTS G.24

(in kg/year)	Year	COD	DBO5	MES
Automotive Division	**2015**	**1,469,660**	**513,618**	**307,587**
	2014	1,325,742	483,680	283,031
	2013	1,284,528	428,342	372,479
o/w PCA France	***2015***	***850,133***	***218,599***	***189,491***
	2014	*713,168*	*188,829*	*180,303*
	2013	*824,473*	*220,781*	*254,093*
Faurecia	**2015**	**nc**	**nc**	**nc**
	2014	nc	nc	nc
	2013	nc	nc	nc
TOTAL	**2015**	**1,469,660**	**513,618**	**307,587**
	2014	1,325,742	483,680	283,031
	2013	1,284,528	428,342	372,479

COD: Chemical oxygen demand; BOD5: Biochemical oxygen demand after five days; SM: Suspended matter; n/c: not communicated.
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. The increase observed is due primarily to the increase in volume in components factories, which are connected to municipal treatment stations. This increased discharge of pollutants has no impact on the location receiving it.

At Faurecia, when water is contaminated during the manufacturing process and must be treated before discharge, the sites most often use the collective network—for 55% of water discharged—while other sites have in-house installations (12% of discharges).

2.2.2.5. PROTECTION OF NATURAL ENVIRONMENTS AND BIODIVERSITY EFFORTS G.26 G.33

The Group'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.

2.2.2.5.1. Locations near protected areas

Industrial sites

The Group's manufacturing facilities worldwide include 22 manufacturing plants and 12 study centres and tertiary sites. These 34 facilities occupy an area of about 3,750 hectares, of which 43% are waterproofed. Compacting operations have began on sites and enabled to reduce surface areas. The impermeable nature of the soil limits the infiltration of water into the soil, which can be, depending on the receiving environment, a factor in flooding. Consequently, the Group is creating ways to limit its stormwater discharges, especially during expansion projects with, for example, the implementation of storm basins.

Furthermore, most of these sites are located in suburban industrial areas. No site is included in a space defined as wetland (RAMSAR convention) or as an area regulated for the protection of fauna and Flora (national parks, Natura 2000, nature reserves areas, areas covered by biotope orders, etc.). And even though some facilities (Bessoncourt, Caen, Charleville, La Ferté Vidame, Mulhouse, Sept-Fons, Trnava, Valenciennes and Vesoul) are located near these areas, their proximity has no consequence identified so far on the environments concerned.

Measures required to preserve natural habitats, flora and fauna, as well as to ensure the tranquillity of neighbouring communities, are assessed and defined during initial or supplemental environmental impact studies conducted before the installation of any new plant facilities or equipment whose content is defined by regulations. These studies assess the sensitivity of natural environments located in the immediate vicinity of the sites, and particularly the proximity of special protection areas of fauna and flora. They are carried out under new facilities or renewed at each significant stage of development of a site (extension, new installation or new equipment), and are legally subject to public notice and the approval of the administrative authorities.

As a result, about ten impact studies are conducted annually on the Group's sites. In addition to these studies, analyses of the environmental impacts from business activity are conducted annually using the ISO 14001 environmental management system in all of the Group's certified sites. They allow the management of these issues (objectives, performance monitoring, etc.).

2.2.2.5.2. Major biodiversity efforts

Given the very different characteristics of each facility and the specificities of the regions in which they are located, 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, with an long-term objective of 945,000 tonnes of CO_2 sequestered, 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.

Intensified CO_2 sequestration

After 17 years, carbon sequestration by the project's plantations was approximately 550,000tonnes of CO_2 equivalent according to VCS estimation methods (Verified Carbon Standard). The figures given are subject to publication of the environmental audit report by the Standard VCS certification agency.

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

The Peugeot-ONF carbon sink project thus became the first reforestation project in Brazil to generate certified carbon credits following the VCS certification label and the second in South America. In total, 2 million trees from over 50 natural species have been reintroduced onto more than 2,000 hectares of land.

PETRA: The carbon sink at the heart of a regional and international dynamic

The carbon sink's long-term success hinges on its seamless integration into the region's economic and social fabric. This has led to the creation of local jobs to help raise awareness about the future of forests and the importance of preserving them. In 2012, the project partners set up PETRA (an experimental platform for the management of Brazilian Amazon rural lands).

The fifteenth meeting of the PEUGEOT/ONF Forestry Carbon Sink Scientific and Technical Committee was held in Brasilia, from 23 to 25 March 2015, and was attended by two new members: the head of Public Policies at the Amazon Environmental Research Institute (IPAM), and the sustainable development unit coordinator at the United Nations Development Programme (UNDP) in Brazil.

The work done by the Scientific and Technical Committee has been aimed mainly at the assessment of two plans for sustainable management prepared by ONF Brazil:

- the land use plan covering an area of 5,000 hectares of tropical rainforest provides for the experimental introduction of low impact use, aimed at feeding the technical and financial models for the sustainable management of these rich and complex ecosystems;
- the 1,800 hectares of forest, categorised since 2009 as a private reserve of national heritage (Reserva Particular do Patrimônio Natural or RPPN) will provide the scientific community with an incomparable research area located within one of the most important areas of biodiversity on Earth;

These two plans are awaiting validation by the Ministry of the Environment of the state of Mato Grosso.

2.3. CORPORATE SUSTAINABLE DEVELOPMENT COMMITMENT

2.3.1. Purchasing: responsible purchasing policies for the entire supply chain

2.3.1.1. RESPONSIBLE PURCHASING AS A KEY ELEMENT OF GROUP PERFORMANCE

Type of automotive purchases

PSA Group purchases include:

- series parts:
  - series vehicle parts and subassemblies (78% of value of total purchases, of which 15% correspond to raw material that is built into the price of the vehicle parts). Series parts purchased represent more than 75% of a vehicle's production cost,
  - direct purchases of raw material (13% of the total amount of purchases);
- spare parts and accessories (7% of the total amount of purchases);
- indirect machinery and equipment: overhead costs, services, commercial facilites, competition, Information Technology and telecoms (15% of the total amount of purchases).

Purchasing stakes G.39

Purchasing is a key stake for the Group's international development and to its integration in the industrial fabric of the countries it operates in. Section 4 of the Group's CSR Report presents the following in details.

PSA automotive purchases amount in 2015 reached €21 billion, which corresponds to 37% of the Group's turnover.

Faurecia has a special status – it is a subsidiary, but also a supplier to other car manufacturers which are direct competitors of PSA. This requires these units to be strictly separated, including the purchasing function. However, the principles of responsibility within the PSA Purchasing Departments also apply to Faurecia's relationship with its own supply chain, as both a part of the Group and a strategic supplier.

Automotive purchases breaks down as follows:

WORLDWIDE PURCHASES IN 2015 BY REGION

	Europe	Eurasia (including Russia)	Latin America	China and South Asia	
(in millions of euros)	Amount	Amount	Amount	Amount	Total
Direct material	15,875	32	485	0	16,392
Spare parts	1,393	0	27	0	1,420
Indirect Machinery & Equipment	2,945	0	162	0	3,107
TOTAL	**20,213**	**32***	**674**	**0**	**20,919**

* *Does not include JV purchasing.*

The calculation method was revised in 2015 so as to identify purchases by destination region and not by the company placing the orders.

In 2015, the Group acquired Mister Auto, an online website selling spare parts, details of which will be incorporated into future CSR Reports.

A purchasing strategy based on partnerships and local sourcing G.34 G.38

Given the economic challenges, its presence in host countries, PSA is committed to making supplier relationship management the key element of its strategy. This approach relies on a segmentation of its supplier base selected on their operating efficency, and with whom the Group has established close partnership and transparency.

As technology plays an important part in the components purchased to manufacture its vehicles, technological, quality, logistical and financial performance is paramount: supplier failure can cause production stoppages at the Group's plants and delay the commercial launch of new vehicles.

All suppliers are assessed, selected and monitored on various criteria, especially including: competitive pricing, quality, logistics performance, ability to develop and manufacture new products, sustainability and social and environmental responsibility.

A stronger supplier relationship management

For the Group, long term relationships with its suppliers is essential. The Purchasing Department relies on a "Supplier Relationship Excellence" approach, which governs its relationships with its suppliers, to create a "win-win" situation, in particular with strategic and core suppliers. The aim of this approach is that each partner will share its know-how and establish a long-term relationship through an ongoing improvement process.

The Back in the Race plan: purchasing levers

As part of the Back in the Race plan, specific action plans are put in place with suppliers, who are asked to contribute to the stability of the Group according to the following four operational areas:

Back in the Race operational areas	Supplier actions	Results
Continuing brand differentiation and improving price positioning	Propose to the Group innovations tailored to the positioning of each brand in compliance with the quality requirements of each customer target	Implementation of workshops with some strategic suppliers to identify future products that would match the DNA of each individual brand (e.g.: the Citroën C4 Cactus air bumps)
Implementing a targeted product policy at the global level	Support the Group in the deployment of its worldwide projects.	Optimisation of modular strategy to promote model diversity, speed up product launches and optimise production capacity use. (e.g.: the EMP2 modular platform, a major lever in terms of mass and consumption, quality and economic competitiveness.)
Ensuring profitable growth internationally and the creation of value in host communities	Meet to the Group's need to increase its rate of local integration.	Agreement to create a new plant in Kenitra in Morocco (operational launch in 2019) with the announcement of 80% local sourcing at start-up, ultimately rising to 90%.
Improving competitiveness	Modernise and adapt their industrial facilities to the best global benchmarks	Contribution of suppliers to monozukuri workshops to facilitate the modernisation of production sites: (e.g.: changeover to mono flow at the Mulhouse and Poissy plants, in line with the Excellent Plant project)

An organisational structure supporting sustainable purchasing

The Group's Purchasing Department is responsible for the supplier relationship. Its role is to build and maintain a supplier database at the best technical, industrial and economic level. It also guarantees the quality and security of the Group's supplies, by ensuring that suppliers comply with Group standards, particularly in terms of quality, logistics and sustainable development. It makes purchases for all Group Departments (excluding Faurecia).

Mapping the purchasing process

The 930 PSA purchasing professionals, located throughout the world, apply identical processes. These are structured into 5 macro-processes:

- **manage the Purchasing Department**: this macro-process defines the organisation and management of the Group's purchasing units worldwide;
- **manage the supplier relationship**: this macro-process is twofold, management of value creation between PSA and its suppliers, and risk management. Monotoring of corporate social responsibility is at the heart of this macro process and its application is evident in the next three operational macro-processes;
- **define the purchasing policies**: this macro-process defines the purchasing strategy for each region and for all purchasing commodities;
- **award new business**: this macro-process consists of identifying suppliers to be requested for quotation, compiling specifications, launching requests for quotation, analysing bids, selecting suppliers and contracting;
- **monitor contracts**: this macro-process applies to the entire life cycle of vehicle parts (project development, standard production and after-sales). It describes enforcement to ensure supplier monitoring process.

Buyer trainings

Every year, the PSA purchasing business school organises training sessions for new buyers in Europe and Latin America. A special CSR module, annually updated, is deployed for this occasion. Since 2008, about 448 people have been trained in Europe and a little more than 124 people in Latin America.

In addition, the Purchasing Department organises regular meetings of its operational divisions to keep them informed of developments in CSR.

Since 2010, the Group's Code of Ethics has specifically mentioned the integration of ethical and environmental criteria into the supplier relationship. This code has now been signed by all the Group's senior and supervisory managers. A new campaign aimed at managers was launched in 2015 (see Section 2.3.4).

In 2015, following the Group's decision to have its entire approved supplier panel assessed by an outside service provider, EcoVadis, all buyers were trained in the changes to the CSR regulatory framework and the Group's expectations. Training in the EcoVadis tool is being rolled out.

2.3.1.2. IMPACT OF PURCHASING POLICY ON HOST COUNTRIES G.34 G.37

The risk analysis process G.34

In line with the Group's risk policy (see Section 1.5), purchases can be broken down into 572 different groups to which the Purchasing Department applies a multi-criteria (quality, logistics, financial, CSR, etc.) risk analysis to define "Technology and Manufacturing Purchasing Policy" for each category of goods. The policy is drawn up by the buyers in collaboration with experts from other divisions of the Group: financial analysts, logistics experts, quality experts, engineers, etc.

Since 2008 economic and financial crisis, which heavily impacted suppliers, the Group has tracked suppliers even more closely. The financial performances of all suppliers is analysed, which avoids allocating new markets to suppliers facing difficulties and to identify any suppliers at a high risk of default (financial health, shareholders' ethics, etc.). The situation of the suppliers at a high risk of default is reported to the Purchasing Management Committee on a monthly basis, which validates any action plans and may suggest measures to support supplier liquidity (temporary reduction of payment terms) or risk mitigation (doubling production, search for potential rescuers or investors, etc.). PSA has set up a flexible organisation and scalable processes to ensure that contractual payment terms agreed upon with its suppliers are strongly respected. It has also put in place a dedicated process to address late payments. This allows to identify the root causes of any recurring delays and provide the necessary structural corrective action plans.

In 2015, the curative monitoring of high risk suppliers based on financial criteria covered 42 companies representing approximately 7.2% of the purchasing turnover.

Thanks to this strategy the Group had no production stoppage due to supplier failure in 2015.

Local sourcing: a key element of the PSA purchasing policy G.34

PSA is a full-fledged partner to its host countries. Accordingly, the Group is committed to strenghthen is purchasing policy near its production facilities, which contributes to maintain subcontracting activities on-site.

The Group was awarded the "Origine France Garantie" (Made in France) label for 11 vehicles manufactured at its French plants (Mulhouse, Poissy, Rennes, Sochaux): 7 Peugeot vehicles (208 GTi, 208 XY, 308, 508, 2008, 3008 and 5008), 1 Citroën (Citroën C3) and 3 DS vehicles (DS 3, DS 4 and DS 5) were awarded the label from Pro France, an association which promotes the French brand.

This certification is given to products whose final assembly is done in France and over 50% of whose value is also produced in France. It guarantees to French consumers that the product they are buying is French made.

Thanks to its deep manufacturing roots in France, PSA has once again made a positive contribution to France's trade balance, with a €5,266 billion surplus and a positive import-export balance of 324,000 vehicles.This contribution to the French trade surplus represents a 10% increase compared with 2014.

With around 1 million vehicles produced in France in 2015, PSA is on course to meet its commitment in the "New Social Contract" to produce one million vehicles in France in 2016.

To maintain a strong industrial base in France, PSA has undertaken an ambitious plan to modernise its plants (with optimal logistics, more compact shop floors, simplified workflows) in order to improve the performance of its manufacturing assets.

Origin of parts series and spare parts purchased from tier 1 suppliers by PSA production plants

2015

	PSA plants			
Origin of the Parts (Tier 1 suppliers)	**France**	**Rest of Europe**	**Russia**	**Latin America**
Europe	**92.64%**	**93.21%**	**52.7%**	**31.8%**
France	*50.70%*	*22.43%*		*31.8%*
Outside France	*41.93%*	*70.78%*		*0.0%*
Russia	**0.01%**	**0.00%**	**40.3%**	**0.0%**
Latin America	**0.16%**	**0.1%**	**1.00%**	**67.4%**
Rest of the world	**7.19%**	**6.69%**	**6.00%**	**0.8%**

The local sourcing ratio is the value of purchases for a region from tier 1 suppliers divided by the total value of the purchases for this region. The calculation method was revised in 2015 so as to identify purchases by destination region and not by the company placing the orders.

- In Porto Real in Brazil, on average, 74% of parts are purchased in Latin America.
- In Buenos Aires in Argentina, the local sourcing ratio is, in average, 57%.
- As a comparison, locally-sourced parts (Central and Eastern Europe) for the Trnava plant in Slovakia grew from 5% in 2005 to 53% at the end of 2014.
- In Kaluga in Russia, local sourcing was up 6.3% as a result of contracts awarded in 2015.

In line with PSA's strategy of international expansion and local integration, the Group's purchasing professionals are located as close as possible to the Group's target markets.

As part of its development plan, the Group wishes to increase its local integration beyond first-rank suppliers.

Two examples of a strong commitment: The French automotive industry and supplier clusters

PSA's commitment to consolidate the French automotive industry has continued to increase since the French government's Automotive Summit, held in early 2009:

- PSA adheres to the High Performance and Best Practices Code dated 2009 9 February concerning the customer-supplier relationship in the automotive sector. This code governs a number of operating procedures, including intellectual property and payment terms;
- PSA actively contributes to the work of the French Automotiv Plateform (PFA), whose mission is to lead efforts to strengthen the French automotive industry. In 2015, the Purchasing Department supplemented these arrangements by appointing DAPI (manufacturing division purchasing representatives) each manufacturing division in Europe. Their role is to identify their divisions' risks and opportunities. They help to meet PSA's excellent plant criteria, one of which is to have some of its suppliers operating within the Group's factories.

  Examples that come to mind are efforts in stamping: an exact report about the players involved and capacity requirements for the years to come was made, customised consolidation proposals were thus able to be made and are currently under consideration;
- mid-2012, a working group on CSR was created in the French automotive industry (Comité des Constructeurs Français d'Automobiles – CCFA). This working group aims to identify the CSR best practices and standardise them so that they can be more easily implemented across the industry. One key focus is sustainable purchasing policies, including approaches and methods to support the supply chain, to establish standardised practices and develop industry-wide guidelines. In 2014, studies with the stakeholders were conducted around this theme;
- as part of its new industrial project in Kenitra in Morocco which will be operational in 2019, PSA has targeted to reach a local content rate of 80% at the launch date ultimately rising to 90%. of achieving. To achieve this objective, PSA will rely on existing Moroccan suppliers and will take a proactive approach to developing additional local industry networks (not just tier 1 but also tiers 2 and 3). PSA is, therefore, asking all its car equipment manufacturers, who do not yet have operations in Morocco, to join-in on this new frontier project.

  PSA presented its project to its car equipment manufacturers at a suppliers' convention in Kenitra on 23 October 2015, attended by nearly 200 companies, including 20 Chinese companies (suppliers of DPCA and DFM).

  So as to provide them with the best possible conditions, PSA has reserved a 20 hectare industrial park for its suppliers in the Kenitra area, which can be extended if necessary. Car equipment manufacturers setting up in this industrial park will be in the immediate vicinity of the PSA plant.

PSA's strong commitment to the adapted sector G.37

For over 20 years, PSA has been sourcing series parts (instrument panels, interior trim, pedals etc.) from the sheltered sector. Subcontracting to this sector is one aspect of the Group's agreement for the social and occupational inclusion of people with disabilities. The 4th agreement was signed in 2000 and the 5th agreement has been renewed for the 2014-2016 period.

Nowadays, suppliers from the sheltered sector are expected to meet the same criteria as the rest of the Group's suppliers in terms of quality, reactivity, economic performance etc. The Purchasing Department has helped these suppliers to evolve in order to achieve this level of performance. For example, this improved expertise enabled some sheltered workshops to demonstrate their capabilities to other clients and other business segments (railways, aeronautics etc.).

Bretagne Atelier was also recognised with PSA's "Best plant" award for having posted exceptional performance in terms of industrial excellence in 2014. The criteria applied were: quality, on-time deliveries, logistics expertise, customer service in the technical and engineering fields and problem solving.

Key figures:

- services purchased from the sheltered sector represent 38 million of added value;
- 2,500 industrial products;
- The Group works with:
  - 6 major associations: ADAPEI du Doubs, ADAPEI de Haute-Saône, Bretagne Ateliers, Les Papillons Blancs du Haut Rhin, Les Ateliers de l'Ostrevent and AMIPI/SLAMI foundation,
  - 1,917 entitlement units (FTE disabled workers from companies in the sheltered or adapted work sector), of whom 1,780 are in manufacturing, corresponding to 3 employment percentage points of disabled individuals at Peugeot Citroën Automobiles S.A. (PCA) in France;
- 100% of cars manufactured by the Group in Europe include at least one part manufactured by the sheltered and adapted sector.

PSA is remaining France's number one buyer from the "EA" sector (Adapted companies) and the "ESAT" sector (companies employing individuals with disabilities, "*Établissements et Services d'Aide par le Travail*") in 2015. This outcome is due to the success of the strategy employed by the Group for more than ten years now, of making one specific person in the Purchasing Department responsible for making industrial parts purchases from the sheltered and adapted sector. This organisational set-up is one of a kind and has, in addition, been cited as good practice for other large car manufacturers.

2.3.1.3. SOCIAL AND ENVIRONMENTAL STANDARDS FOR PURCHASING

CSR requirements extended to suppliers G.39 G.42

CSR compliance is for PSA a core component of its purchasing policy, as well as quality, delivery lead time and cost.

Regarding **social aspects**, the compliance with the International Labour Organisation guidelines is a key criterion for supplier approval process. 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. In line with its historical commitment to the Global Compact, and in the light of its Global Framework Agreement which is extended to suppliers and partners, the Group identifies the areas and fields that are most likely to present risks of human rights breaches and, in particular, the risk of recourse to modern slavery. It deploys a grading system of due diligence enabling it to go as far as striking off a supplier should it prove to be directly, or indirectly, involved in this type of practice.

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 *(for further information, please refer to Section 2.2.1.3.1)*. Similarly, it is expected that suppliers implement a management and continuous improvement policy for their industrial facilities for the preservation of the environment. To this end, it is required that suppliers receive environmental certification (e.g. ISO 14001) for their facilities.

PSA's policy on **"conflict minerals"**: The profits of the extraction of gold, tin, tantalum and tungsten are used to fund armed conflicts in the Republic of Congo and in neighbouring countries. In line with the Dodd Franck Act of 2010, PSA's policy is to establish total transparency with its suppliers regarding the origins of any minerals used. This is why a specific clause has been inserted into the general purchasing terms and conditions (Article 14), stipulating that suppliers must provide details of the composition of materials used in the manufacture of the parts supplied as well as of any changes to said composition. In addition, suppliers must provide, in writing, all the information required in order to comply with current legislation, in particular with regard to consumer protection and conflict minerals. The Purchasing Department, with the help of the Research and Development Department responsible for sensitive products, undertook to systematically question the entire panel of approved suppliers in order to identify the suppliers, ask them to complete the EICC-GeSI form and, should it be established that materials have been procured from illegal sources, to set up replacement sourcing. PSA thus intends to exercise its duty of care and take part in the introduction of sustainable procurement.

Supplier training: PSA supports its suppliers in this CSR approach by providing them lots of information and training tools to enable them to improve their practices. Supplier information meetings are organised on a monthly basis to inform suppliers about the latest developments in CSR, to let them know about PSA's expectations in terms of CSR and to inform them of legal and regulatory changes in relation to CSR. In addition, e-learning CSR training is available.

In an effort to guarantee continuous improvement, and to better deploy its sustainable purchasing policy to all supply chains, PSA collaborates with nine other European car manufacturers in a working group called the, "**European Automotive Working Group on Supply Chain Sustainability**" which is coordinated by CSR Europe. Common CSR guidelines have already been established with the members of the AIAG (Automotive Industry Action Group) as well as common tools: training sessions in 2016 for logistics suppliers (Sustainable Supply Chain Logistics Forum) and for Chinese suppliers (Automotive Supply Chain Forum in Shanghaï). This collaboration makes each car manufacturer's CSR initiative more effective and provides greater control over the subcontracting chain.

Improvements to the supplier CSR assessment system

Assessment of suppliers' CSR performance is a key factor for PSA when it comes to selecting suppliers during calls to tender. 96% of supplier selections were made on the basis of the CSR notice in 2015. This notice comprises suppliers' commitment to comply with PSA's CSR requirements and the results of assessment questionnaires and audits.

SIGNATURE OF CSR CHARTER	SELF-ASSESSMENT QUESTIONNAIRE	EXTERNAL ASSESSMENT QUESTIONNAIRE	AUDITS
973 SUPPLIER GROUPS	**1,002** PRODUCTION PLANTS	**214** SUPPLIER GROUPS	**68** AUDITS OF CRITICAL SUPPLIERS SINCE 2008
93% OF PURCHASING SPEND		**52%** OF PURCHASING SPEND	

CSR Charter

The **"PSA's requirements regarding social and environmental responsibility with respect to its suppliers"** are available via the Group's B2B portal.

The Group's CSR requirements:

- are based on a personal commitment to mentoring: since 2010, the Group's Code of Ethics explicitly refers to the integration of ethical and environmental criteria into supplier relationships;
- are gathered in an ad hoc document for suppliers: these requirements make explicit reference to the Global Compact, the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on the Environment and the United Nations Convention against Corruption;
- distributed to the Group's largest suppliers and to suppliers associated with high-risk countries or commodities. These suppliers are asked to formally commit to comply with the PSA guidelines or to demonstrate their compliance with equivalent guidelines. As of end-2015, 973 suppliers had made this commitment, accounting for 93% of the purchasing spend managed by the Purchasing Department;
- incorporated into the fundamental principles of supplier relationship management, in contractual documents such as purchasing contract and purchasing terms and conditions, and in the Group's purchasing processes.

Self-assessment questionnaires for supplier plants:

Since mid-2013, all suppliers wishing to take part in a tender process for automotive parts must complete a self-assessment questionnaire for each production plant. The questionnaire covers three areas: compliance with social criteria: **promotion and respect of human rights,** freedom of association and the effective recognition of the right to collective bargaining, abolition of any forms of forced or compulsory labour, effective abolition of child labour, anti-corruption and the prevention of conflicts of interest, remuneration, working hours, compliance with health and safety at work; **compliance with environmental criteria:** the existence of a company/group environmental policy, organisation to ensure implementation of the environmental policy, environment at the industrial plant, management of the water cycle, management of air discharges, soil conservation, waste management; and **management of the supplier relationship:** the supplier's relationship with its own subcontractors, inclusion of CSR criteria in the specifications, rules of application for supplier assessment.

The aim of this assessment is threefold: to allow the supplier to see where it sits in terms of PSA expectations; to provide appropriate support for each supplier and to act as an initial risk prevention filter.

2015 RESULTS OF SUPPLIER PRODUCTION PLANTS SELF-ASSESSMENT

Self-assessment of 1,002 supplier production plants	Compliant	Non-compliance minor	Non-compliance core
Global rating	90%	10%	0%
Social factors	95%	5%	0%
Environmental factors	98%	3%	0%
Sustainable procurement	76%	19%	5%

External assessment questionnaires: Ecovadis

In 2015, to supplement the supplier assessment system and make it more robust, the Group undertook to assess its entire supplier base on the basis of environmental, social, ethical and sustainable procurement. PSA chose to entrust this evaluation to an external provider, EcoVadis. An initial step has helped pinpoint supplier risks to a greater degree.

The Group informed its suppliers that this process is mandatory if they wish to remain on the supplier base and that suppliers failing to achieve the required level would be systematically expected to implement corrective action plans.

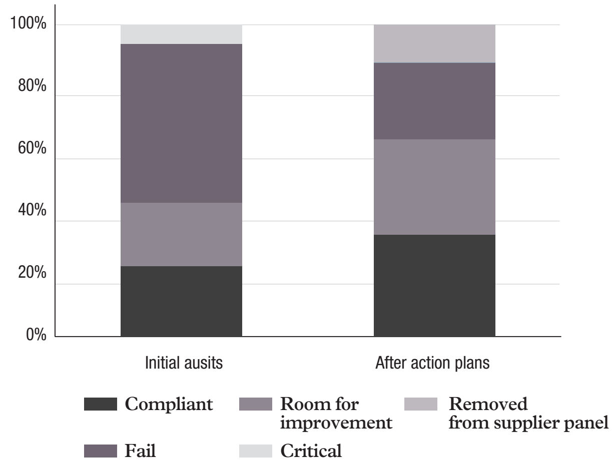
The objective is to have evaluated over 80% of total supplier base by the end of 2016.

Supplier CSR performance evaluated by an external provider (EcoVadis)	Compliant	Minor non-compliance	Major non-compliance
Overall performance	56%	38%	6%
Environmental performance	65%	30%	5%
Workforce-related performance	57%	36%	7%
Ethical performance	37%	53%	10%
Sustainable procurement	36%	53%	11%

Social and environmental audits conducted by external providers

In addition, social and environmental audits are conducted at selected suppliers' plants in accordance with the risk level associated with their country, product or process. Since 2010, 68 social and environmental audits have been performed at suppliers ranked 1, 2 or 3. Section 4 of the CSR Report presents the results of these audits in detail.

Results of the audits



2.3.2. Consumer safety and protection G.41

2.3.2.1. COMMITMENT TO ROAD SAFETY

Road safety has always been a top priority for PSA. The Group is focusing on technologies that have shown a proven ability to make automobiles safe, at an affordable cost for the largest number of motorists.

Response to road safety problems is based not only on the introduction of increasingly sophisticated safety systems on board vehicles. Roadway infrastructure must also be upgraded, while motorists and other road users must be effectively educated in safe driving and road use practices. The systems described below, as well as the results, are shown in greater detail in the CSR Report.

Primary safety: avoiding accidents

The Group is simultaneously promoting three lines of defence:

Chassis systems

- 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 2008, 3008 and Partner and on the Citroën C4 Picasso, Grand C4 Picasso, C5 and Berlingo.
- Tyre pressure monitoring systems help to detect under-inflated tyres that can reduce vehicle stability.

Vision, visibility, safety distance

In addition to already widespread technologies (such as a camera system to aid reversing, panoramic vision and LED lights), the Group has made many distinctive innovations available on several vehicle lines:

Controlling trajectory and safety distances

- The AFIL lane departure warning system alerts drivers who drift across a lane, one of the key causes of motorway accidents.
- A Distance Alert system indicates the time it would take to close with the vehicle in front at the current speed (Peugeot 3008 and 208).
- Intelligent variable cruise control (Peugeot 308 and Citroën C4 Picasso/Grand C4 Picasso) aligns vehicle speed with that of the car in front.
- Automatic braking is triggered if the driver does not react to a risk of collision or increases braking by the driver in case of emergency braking on highways and motorways (Peugeot 308).
- Automatic braking is triggered if the driver does not react to a risk of collision in town (Peugeot 208, DS 3, Citroën C1, Peugeot 108).

See and be better seen:

- A blind spot information system indicates the presence of a vehicle (particularly a motor bike) in a blind spot zone through a pictogram in the wing mirror;
- Lighting to support the safety functions (including automatic activation of emergency flasher lights in the event of sudden deceleration, LED daytime running lights and automatic dipped beam/main beam switching).

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 conducts extensive research on distraction factors and risks so that it can diagnose the state of alertness of drivers and suggest interactions that will enable them to refocus on driving. Through a collaborative project called SCOREF (French Experimental On-Road Cooperative System) investigating "car to x" applications researchers are looking at ways to send drivers information without distracting their attention or disturbing their driving.

Secondary safety: protection during an accident

The *Laboratoire d'Accidentologie, de Biomécanique et d'Étude du comportement humain* (LAB) is a road safety association created jointly by PSA and Renault. It carries out research to enhance understanding of accident mechanisms and their related injury mechanisms (15,000 accidents in the database).

PSA is primarily working in three areas:

- **body structure:** vehicles are structurally designed to dissipate the energy from an impact in a controlled manner, with effectively positioned impact absorption structures and deformable crash boxes. The passenger cell becomes a real survival cell by reducing strain and intrusion;
- **airbags and other pyrotechnic equipment:** the Group's vehicles contain up to eight airbags, that protect both the driver and front and rear passengers from front, rear or side impacts. On cabriolet models, the roll-over protection system consists of active, pyrotechnically-charged roll-bars and windscreen pillar stiffener tubes;
- **restraint systems:** these high-resistance passenger cells have made it possible to develop highly sophisticated, high performance restraint systems, based on seatbelt tensioning devices, load-limiting retractors and Isofix attachment points for child seats. The level of protection is adaptable to type of car occupants, their place in the vehicle, and type of shock and allows occupant restraints to be adjusted while limiting pressure on the chest, thereby reducing the frequency of thoracic and abdominal injuries.

Euro NCAP and China NCAP safety ratings

Group vehicles tested by the Euro NCAP, China NCAP and Latin NCAP organisations were achieved very good scores thus reflecting the high level of service offered to Peugeot, Citroën et DS.

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

15 Group vehicles have obtained the maximum five-star rating under the global rating system introduced in 2009.

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

The Euro NCAP and China NCAP performances of the Group's vehicles are set out in Section 2.3.3.2 of the 2015 CSR report.

Tertiary safety: post-accident emergency response

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

- **emergency call system:** Implementing the devices before European regulation PE/112 comes into effect on 30 March 2018, the Group is the only mainstream car manufacturer to have deployed a wide-scale, location-aware emergency call system, without a subscription or any cut-off date. In the event of an accident or medical emergency in an ATB-equipped vehicle, occupants can alert a dedicated assistance centre that can accurately 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 2,500 lives a year in Europe. The emergency call system is particularly useful when accidents occur in isolated areas with no eyewitnesses.

	Cumulative total through 2013	Cumulative total through 2014	Cumulative total through 2015
Cumulative total of Peugeot, Citroën and DS vehicles standardly equipped with the PSA emergency call system	1,498,340	1,672,495	1,877,026
Cumulative total alerts sent to emergency services	9,690	12,885	16,167
Countries in which the PSA emergency call service is available	17 countries: France, Germany, Italy, Spain, Belgium, Luxembourg, Netherlands, Portugal, Austria, Switzerland, Denmark, Poland, United Kingdom, Czech Republic, Slovakia, Norway and Sweden	17 countries: same	17 countries: same

Traffic control centres in France are now automatically alerted about incidents on their roads by Peugeot, Citroën and DS vehicles fitted with the e-call service in 2015. Other drivers can then be warned of potential dangers ahead via messages displayed on motorway signal boards.

In future, other vehicles will provide information that will improve environmental awareness. For example, a vehicle will be informed by the vehicle ahead of it that there is a pedestrian on the road, thus enabling it to anticipate automatic braking in full safety.

- **victim removal instructions and safety manuals:** to facilitate the job of rescue workers after an accident, PSA works with French rescue teams to prepare victim removal instructions for each of its models. Regular training sessions are held with the Public Safety Services of the French Interior Ministry and the zonal victim removal group to update the teams' knowledge of the new vehicles and the new technologies that are about to go on the market. Meanwhile, PSA steered ISO work on defining an international standard for victim removal instructions. This standard has been applicable since January 2015 and will become an international standard. In addition, ISO standardisation work continued in 2015 with the drafting of a safety manual standard (all vehicle types): the Group is actively involved in this work which is overseen by the CTIF (international association of fire fighters and rescue teams).

2.3.2.2. CONSUMER PROTECTION

Protection of personal data

PSA has launched an active monitoring process to prepare for the arrival of the new European regulation in 2016. This process involves in particular:

- stepping up corporate obligations: appointing a Data Protection Officer (CIL); implementing "privacy by design" and "privacy by default" principles, more restrictive notification of security vulnerabilities, etc.;
- strengthening individuals' rights over their data: the right to be forgotten, the right to data portability, strengthening transparency and systematically informing all individuals on their rights and on who is collecting and processing their data; obtaining the informed consent of consumers regarding the use of their data, etc.;
- strengthening controls and sanctions by regulatory authorities (in percentage of global revenue), etc.

The main strands of the draft European regulation, supported by consumer groups, have already been taken into account in changes to Group operations (extending opt-in, sales methods used to inform customers on how their data is processed, handing over connected vehicles explaining new communication tools and how to deactivate them).

The Group is working on standardising its personal data collection and administration policy in customer relations management. In particular, it is standardising all data protection references in its various contracts: purchase orders, after-sales services, connected services, internet forms, etc. Internal guidelines on best practice have been drawn up and distributed; the IT guidelines have been updated to incorporate useful recommendations.

On this basis, the Group is providing training and awareness-raising to internal employees (including in sales outlets). After deployment in 2014 among senior managers and executives, a dedicated e-learning course was taken by over 1,800 employees in 2015. The Group is taking part in working groups along with other industry players and regulatory authorities to promote exchanges of best practices.

The Group also contractually requires its partners and suppliers to apply the same level of commitment in terms of data protection.

In parallel, the Group is continuously improving its security systems for data storage and exchange networks to prevent any risk of hacking, using cybersecurity techniques that are constantly being updated.

Consumer credit

The distribution of consumer credit, which accounts for about 70% of loans distributed by Banque PSA Finance and its subsidiaries and branches, has been subject to specific legislation to protect consumer rights, particularly in the European Union since the adoption of the Consumer Credit Directive 2008/48/EC, which has now been transposed into national law by the various EU member states.

This directive creates stricter obligations for advertising, pre-contractual information, solvency studies of borrowers and contractual information, all of which have been implemented by Banque PSA Finance and its affected subsidiaries and/or branches.

2.3.3. Partnerships and sponsors to promote regional and/or local community development G.37 G.35

2.3.3.1. PARTNERSHIP AND SPONSOR GROUP STRATEGIES

The PSA Group, which employs 182,000 people around the world, is often one of the largest private employer in areas where it has an industrial presence. As a core economic player, the Group assumes its social responsibility commitments in its various territories.

Through its sponsorships, the Group meets two corporate challenges:

- **Mobility issues:**

  The Group is firmly convinced that mobility is a global societal challenge and a fundamental right. Mobility goes hand in hand with economic development. It is a cause of autonomy, progress and innovation. PSA's is demonstrated through the actions of its Corporate Foundation and deepened by the discussions that take place within the City on the Move Institute (IVM). The mobility access experiments conducted also allow the Group to explore new, more inclusive business models.
- **The issue of locally rooted sponsorship and philanthropy:**

  Support given to organisations or associations located very near the Group's employee pool strengthen the bond between its sites and their territory. PSA's convictions are expressed through initiatives that occur wherever the Group operates. These initiatives are performed by the Foundation, the Peugeot, Citroën and DS brands and the Group's various industrial and tertiary sites.

The information contained in this document comes from the Foundation's databases and site and brand communications media.

2.3.3.2. INITIATIVES TO PROMOTE SOCIAL MOBILITY

The company's Foundation

Created in June 2011, the PSA Foundation, which is defined by its motto "A World on the Move", supports projects that use mobility to encourage social integration, restoration of social bonds and access to culture and education. Since its inception, the Foundation has given its material, financial or human support to over 400 projects, which it monitors through its network of about 30 local delegates and about 180 employee-sponsors, who are involved individually and volunteer in associations. In 2015, 87 initiatives by associations or NGOs were supported throughout the world: 80% of projects were located in France and 20% abroad, with a preference for areas where the Group is expanding.

It uses financial tracking that is updated throughout the year. An overview of this can be found in its 2015 progress report, which is available on its website.

http://www.fondation-psa-peugeot-citroen.org/en/publications/

Only projects relating to inclusive or social mobility are accepted for consideration by the Foundation. After being studied in-depth, each project's details are recorded in a standardised description sheet. The Foundation's team prepares a scoring form for each proposal, evaluated on the basis of six criteria: the relevance of the initiative, its innovative nature, the approach to project management, the project's social impact and the number of beneficiaries, the extent of involvement of the project's employee sponsor (where applicable), and the community served by the project. This scoresheet is used for each selection committee. Projects of up to €80,000 (€100,000 in the case of multi-year projects) are submitted to a Selection Committee whose members are appointed by the Managing Director of the Foundation. Beyond, the Board of Directors of the Foundation decides. The initiatives come from associations, NGOs, or grow out of projects supported by the Group's plants and facilities or employees. Applications are submitted online via a dedicated website.

To carry out its philanthropic mission, the Foundation is backed by a multi-year action plan with a five-year budget of €10 million. At end-2015, the Foundation had granted over €9 million to various public interest organisations. In 2015, €1.9 million was granted to three major themes:

- "**mobility and integration, an emergency outreach":** this refers to initiatives to help people join the workforce or highly disadvantaged people;
- **"mobility and educational and cultural action":** these programmes use mobility to promote equal opportunity and give at-risk youth a second chance;
- **"mobility and disability":** the goal of this programme is to increase autonomy and improve quality of life for disabled persons.

Here are a few iconic examples of support provided by the Foundation in 2015, with 4 large-scale projects.

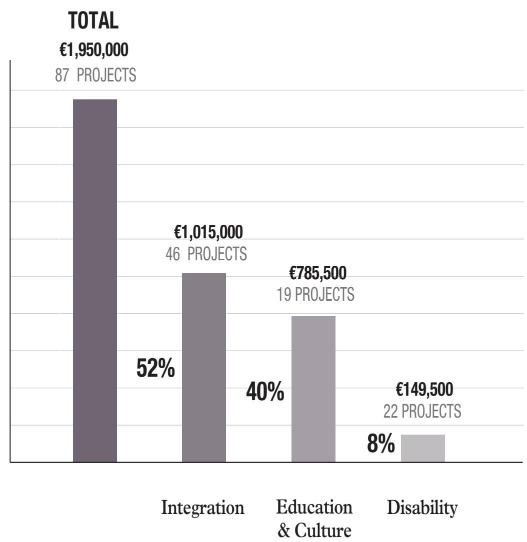
In mobility and social integration, emergency outreach, the Foundation continued and expanded its partnership with the French Red Cross. The Red Cross on Wheels project, launched jointly by both organisations in 2012, continued to be rolled out. The aim is to reach out to the most vulnerable and disadvantaged people through a social assistance road show. Using a specially converted utility vehicle, the road show provides listening, food, clothing, access to personal hygiene products, etc. At end-2015, there were 15 road shows travelling throughout France as part of this partnership, visiting rural areas in particular. In 2015, a skills sponsorship programme was set up with Red Cross teams to help create a project-specific quality process.

In mobility and educational and cultural initiatives, the French Road Safety association and the Foundation conducted an innovative project to help children and teenagers with intellectual disabilities achieve greater independence. The educational kit "Mobility Goal", allows those aged 10-15 to acquire the necessary skills to move around on foot, by bike, by car or via public transport, using 10 multimedia educational games. The kit is tailored to the pace and educational progress of its target audience using adapted texts and images to ensure they understand. This educational tool is distributed in clinics and special schools throughout France and in branches of the French Road Safety association.

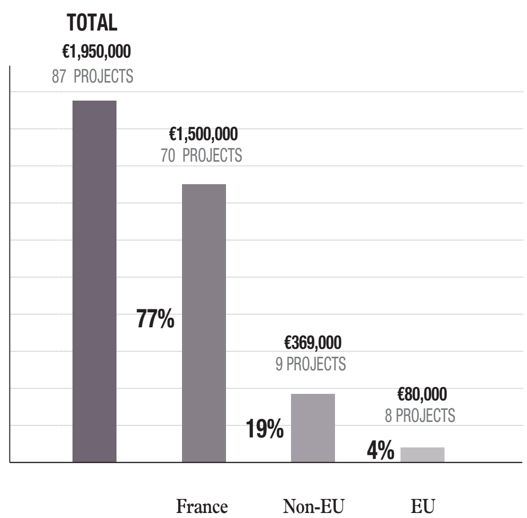
One of the Foundation's key educational and cultural initiatives in 2015 was its support of the Louvre Museum. As part of the inauguration of the "Petite Galerie", the Foundation sponsored the "Founding Myths" exhibition, which opened in October 2015. This partnership is a perfect fit for the Foundation's aims, as it improves access to culture for all: the "Petite Galerie" is a new multidisciplinary space that provides an introduction to all forms of art with specific, highly innovative installations. A road-show version of the "Founding Myths" exhibition is planned for hospitals, schools, community centres, etc.

In 2015, the PSA Foundation partnered up with another corporate foundation to lead a joint call for projects, similar to the 2014 partnership with the VINCI Group foundations. In 2015, it collaborated with the Macif Foundation in launching a call for projects "Vulnerable and Mobile" from 15 June to 15 September, specifically targeting the disable and seniors. Of the 150 applications received, 21 were chosen, thus representing a total funding of €300,000. This partnership will finance and implement innovative projects: mobility and driving training for the intellectually disabled, car-sharing of adapted vehicles, digital solutions to promote travel, solidarity car-pooling, etc.

Thematic distribution of budgets allocated in 2015 by the Foundation



Geographic distribution of budgets allocated in 2015 by the Foundation



City on the Move Institute (IVM)

In 2000, the group created and funded this think tank dedicated to research and experimentation in social innovation around the themes of urban mobility and access to mobility. The City on the Move Institute (IVM), which brings together scientists, sociologists and urban planners, has emerged in the landscape of institutions involved in thinking and innovating in the field of socially conscious and sustainable mobility. IVM conducts its work in France, Europe, Latin America and China. It informs the objectives of the PSA Foundation.

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

Its work on the development potential of new mobility services, particularly in suburban areas, have become a worldwide reference for urban planning and transport professionals. IVM pursues an original approach, working with different external stakeholders: multidisciplinary academic fields, with core world cities open to innovation as well as players of civil society and in particular associations.

In 2015, IVM continued its core projects, particularly:

The Legible City

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

The project was completed in 2015. "Serious Game", designed with Ubisoft was showcased on 11 December 2015 at a symposium on the Legible City.

Passages: transitional space for the 21st century city

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

In 2015, three project demonstrators were chosen in Tours, Toronto and Montevideo from among the projects presented at the international workshop in July. Other project demonstrators are currently being appointed for Brazil, Barcelona and Shanghai.

Competitions to help direct six short films "Filming passages in African cities" led to the selection of six film projects currently underway and due to be broadcast in 2016.

2.3.3.3. SPONSORSHIP AND PHILANTHROPY TO GROW STRONG LOCAL ROOTS

Brand and site initiatives

Sponsorship and philanthropy initiatives conducted by sites or brands enable institutions to become directly involved with local structures in complementary areas of mobility, the Foundation's main cause.

For better local ties, the Citroën, Peugeot and DS brands, along with the Group's sites, define their partnerships with local associations themselves. Their common feature is local development. In response to stakeholder expectations, these partnerships specifically develop local projects that are useful for everyone:

- Brand initiatives:

  Brands support associations everywhere in the world, with local representatives choosing which ones to support. For example, in Denmark, Citroën supported a mobile clothing collection drive organised by the Red Cross combined with a call for donations which brought in 1,421 tons of clothes and 4 million Danish kroner.
- Site initiatives:

  These initiatives constitute a tool for dialogue with stakeholders in host communities. They are encouraged to participate as volunteers in the actions of local organisations or lend support to local events. One example is Plato Val de Seine, a programme run by the Chamber of Commerce and Industry for the Yvelines Department, in which the Poissy site has been an active participant since 2001. The site appointed two managers for two years who provide group coaching to executives of VSE/SMEs in the territory of the Valley of the Seine, in order to help them improve their business performance.

The Peugeot industrial heritage fund

Inaugurated in September 2010 and financed by an endowment fund heavily supported by PSA, the Terre Blanche Archives Centre is the new home for archival materials from all of the Group's manufacturing and business facilities. The Centre de Terre Blanche will 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 Group employees. More broadly, the archives offer a compelling perspective on the more than 200-year history of automobiles in Europe. This fund has now been taken over by the association *L'Aventure Peugeot Citroën DS* set up by the Group to safeguard its heritage, bringing together the industrial heritage fund, *Aventure Peugeot* and *Conservatoire Citroën*.

Subsidiary initiatives

Banque PSA Finance (BPF)

The head office management of BPF encourages its entities in France and around the world to sponsor worthy causes. This excludes joint ventures set up in 2015 by Banque PSA Finance and Santander Consumer Finance under an agreement signed on 10 July 2014.

- In 2015, BPF in Belgium gave furniture and office supplies to various schools.
- In 2015, BPF in the Netherlands sponsored the activities of various associations, handing over €2,500 to the Sophia Kinderziekenhuis children's hospital and helping fund service dogs for the disabled and visually impaired.
- In 2015, BPF in Poland continued to donate mobile telephones and office furniture to the educational centre for visually impaired children in Laski, near Warsaw, and voluntary teams from the subsidiary helped refurbish the centre. On the initiative of its employees, BPF in Poland also sponsored the "Christmas parcel" association to help the most disadvantaged families.

Faurecia

Faurecia sites and employees around the world regularly mobilise to perform many societal initiatives depending on the cultures and needs of local communities.

The FUELS programme to help people at risk (Faurecia Unites its Employees around Local Solidarity), established in North America in 2010, has now been deployed in several other countries where the Group operates, notably France, Spain, India and China.

Other social initiatives are organised at the plant level in various countries. In Poland, the Grojec, Gorzow, Legnica and Walbrzych sites are involved in a variety of initiatives promoting health, ecology, sports and employment. The Faurecia site in Walbrzych, moreover, in November 2015 received the award for corporate social responsibility given by the MotoSolutions Forum in recognition of all of its work on behalf of children, safety and the environment.

In Spain, the Valencia R&D site has been working alongside UNICEF in the Euro Caring campaign on behalf of disadvantaged children.

In November 2015, Faurecia also launched a philanthropic campaign, Faurecians for Refugees, on behalf of refugees fleeing conflicts in the Middle East. After an initial donation of €250,000 to the Red Cross, the Group took up a collection at all its sites that brought in €80,000 for local associations doing work on the ground to help and support the refugees. To promote the inclusion of refugee families in local communities, Faurecia also 100% matched the amount collected, to fund actions undertaken by various sites in Europe in tandem with local public authorities. Several initiatives have already begun, particularly in Germany: e.g., a clothing drive in Munich, language or computer classes given by employees in Hagenbach, internships for refugees in Pappenheim and Augsburg.

2.3.4. Ethical practices – anti-corruption

The Group's history has engendered a corporate culture based on respect and responsibility. This ethical outlook is formalised through policies, signing of agreements (Global Framework Agreement) and adhering to international standards (Global Compact). PSA reaffirms its ambition to be the industry benchmark for responsible development.

This ambition implies compliance by leaders and all employees with shared ethical rules of conduct.

The Group's ethical approach is based on three elements:

- an ethical policy (the Code of Ethics);
- ethical governance and a feedback, warning and structured monitoring system;
- a rigorous deployment process.

THE GROUP'S ETHICS POLICY AND ITS REFERENCE DOCUMENTS

The Group's ethics and compliance policy is set out in its Code of Ethics and organised around the following requirements: respect for the law, respect for people and the environment, respect for the customer and respect for the Company.

The Code of Ethics includes detailed information regarding the prohibition of anti-competitive practices and corruption, the prevention of conflicts of interest, gifts and non-interference with political activities. In June 2015, the Code was supplemented and prefaced with an official ethics undertaking signed by all members of the Executive Board. The Code is accompanied by an illustrative document "Daily ethics", an operational guide comprising examples of situations that might occur in respect to each rule. These documents may be downloaded by any PSA employee from the Group's intranet. They form part of the new employee documents given to all new staff.

- "Compliance with the Code of Ethics" is the first operating procedure in the Group's procedure manual, which every employee is expected to apply. It can be downloaded via the Group intranet portal and 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 lastly, the respective roles of each body. In late 2015 it was supplemented by a specific rule relating to competition law which sets out how the Group is organised in this regard (appointment of a Competition Compliance Officer) and related mandatory training.

  These rules include detailed instructions about fraud, anti-competitive behaviour, insider trading and corruption, in accordance with the requirements of the UK Bribery Act, which came into force in 2011 and the commitments taken by the Company to fight corruption (World framework agreement on corporate responsibility). They are based on the "Anti-fraud system" enhanced and updated in 2015.
- A Stock Market Code of Ethics is applicable to Members of the Peugeot S.A. Supervisory Board, to non-voting advisors, to members of the Managing Board and members of the Executive Committee as described in Section 3.2 of this Registration Document.
- With respect to its suppliers and its supply chain, PSA is also vigilant: combating corruption and conflicts of interest is part of the Group's "social and environmental responsibility requirements" forwarded and signed by all Group suppliers (See section 2.3.1).

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. In the United Kingdom the conflict of interest and anti-bribery policy was enhanced and updated in May 2015.

GOVERNANCE, WARNING AND MONITORING SYSTEM

From 2010, the Group has had an Ethics Committee, which reports to the Executive Committee. It is chaired by the Group General Council and brings together the Executive Vice-President, Human Resources and the Head of Audit and Risk Management and, since July 2015, the new Competition Compliance Officer of the Group.

The Committee meets quarterly and is responsible for:

- determining general guidelines, based on the tracking of external trends and factors, such as new risks, emerging stakeholder expectations and new legislations; approving changes to Ethics systems (such as anti-fraud measures);
- oversight of operational deployment: setting and monitoring of annual objectives, monitoring of indicators;

- performing analyses, processing and monitoring of the ethical cases referred to them;
- being the referent for employees who have questions regarding ethics;
- reporting these ethical issues to the Executive Committee and the Supervisory Board.

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 11 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 relay the guidelines and objectives determined by the Ethics Committee in the countries and regions. They investigate the ethical cases for their region and consistently report them to the Ethics Committee. If necessary, they may alert the Committee before the investigation begins.

The anti-fraud system (including external fraud) has been in place in the Group since 2012 (including PCA and all Group entities and subsidiaries, with the exception of Faurecia and BPF, which have their own systems). It is placed under the responsibility of the Group Ethics Committee. The Committee delegates its management, investigations, incident follow-up and reporting to the Group's Security Department. The system was audited in 2015 and is structured around prevention, detection, investigation and treatment processes, as well as continued improvement. In 2015, it was enhanced with the Local Security Managers, Fraud Detection Managers and the Chief Ethics Officers.

The Group's Security Department leads a network of about 20 Fraud Detection Managers (one representative per Department reporting to the Chairman of the Managing Board). This network was enhanced and restructured in 2015, setting up monthly meetings with Fraud Detection Managers aimed at mapping fraud risks, analysing any attempted fraud and cases of fraud, analysing deficiencies, adapting corrective and preventive measures and steering fraud prevention initiatives.

The Group's main Departments are called upon to assess risks of fraud in their areas of activity and their own practices, particularly during management ethical reviews, with regard to the Company's ethics. With the assistance of the Corporate Secretary, they are responsible for applying the Code of Ethics in their area and for implementing suitable systems according to the levels of risk identified.

Finally, the Auditing and Risk Management Department checks that the processes have actually been implemented. It looks into and analyses any cases of fraud or corruption. Each audit of a site or a subsidiary includes a section analysing this risk.

The mechanism for guaranteeing good faith and fair dealing and preventing fraud and corruption is based on principles common throughout the Group:

- employee involvement;
- analysis of risks and a defined process for controlling them;
- traceability of transactions;
- separation of powers and multiple sign-offs depending on the sums involved;
- and selection of suppliers.

In total, for 2015, about 95 managers (not including auditors), dispersed across the Group's functions, establishments and geographical areas, ensure optimum networking of the Group and are specifically tasked with alerting and informing the Ethics Committee in the event of fraud and monitoring the implemented Action Plans.

The system is also supplemented at the supplier level by supplier CSR audits conducted by the Purchasing Department (68 audits conducted since 2008 of First, second or 3rd tier suppliers) which automatically generated an audit of anti-corruption practices and policy). In 2015, the Group acquired an external tool for evaluating its suppliers (Ecovadis) which includes loyalty and compliance criteria (see Section 2.3.1).

Latin America

A whistleblowing system managed by an independent organisation (KPMG in 2015) has been implemented in this area via the use of a website which website. The cases described through these website are reported to fed back to the local Ethics Committee as well as the Group's Ethics Committee.

A campaign conducted in November 2015 among managers and staff of the region included a clear comitment to the code of ethics for the Group's Code of Ethics and the declaration of conflicts of interest (including potential conflicts of interest, receipt of gifts, performance of services, etc.). In 2015, 2,382 documents were completed and signed, representing 91% of the total population.

Asia

In 2015, the two Chinese joint-ventures (DPCA and CAPSA) signed up to a Code of Ethics focused on preventing corruption. A special anti-corruption guide compliant with Chinese laws and regulations was published at the end of 2014 and training provided.

A number of Internal Audits were conducted by the Audit and Risk Management Department in 2015. These were carried out to ensure that practices in China complied with the Group's rules and principles, particularly with respect to anti-fraud and anti-corruption (signature rules, managing bids, etc.).

IMPLEMENTATION PROCESS AND ACHIEVEMENTS IN 2015

Adherence

In 2015, in line with the operating procedure "Compliance with the Code of Ethics", which requires each executive to renew their adherence to the Code personally every three years, a campaign to renew support for the Code of Ethics was launched among all Group executives. This campaign can include, at the discretion of Departments or countries, other populations more particularly affected due to their function or region (Purchasing Department, Latin America, etc.) with a staggered schedule in the various countries.

The campaign to renew support for the Code of Ethics comes under the responsibility of the Chairman of the Managing Board, demonstrating the involvement of Group executive managers at the highest level.

At the end of 2015, over 12,000 people in France personally committed to the Code, including 100% of the Group's senior managers and in February 2016, the Code totalled 12,795 signatories.

In Latin America, 2,382 application forms were completed to sign up to the Code. Campaigns were also conducted in Spain, Portugal, the Czech Republic, Germany, Italy and Poland, Switzerland, the UK, Austria.

In 2015, following on from the reviews conducted in 2014, 21 Department ethics reviews were conducted in departments that report to the Chairman of the Managing Board (as well as the Information Systems Department, Peugeot Citroën Retail and the Services and Parts Department), based on a standard defined by the General Counsel. These systematic reviews consist of updating the level of risk of infringement of the Code of Ethics by the Department, reviewing the progress of the action plans defined by the Department and defining new measures to implement. In particular, the risk of corruption and breach of competition law is systematically checked.

The consolidation of this work by the Group provides a general overview of "ethics and compliance" risks (simplified mapping) and of the ongoing the ongoing action plans in each Department.

As part of these annual ethics reviews, a specific anti-fraud focus has been incorporated since 2015. It relates to fraud risk mapping and action plans.

The anti-fraud measures set up in 2015 include the following:

- confidentiality and control of information: training of all executives and senior managers and e-learning course made available to all (over 4,000 have completed it); systematic plan to check whether passwords are robust enough;
- awareness raising and external fraud prevention programme (identity theft, fraud involving fake bank details, etc.):
  - personal data: an e-learning course available to all employees was rolled out in January 2015 via the internal e-learning system. Over 1800 people have completed it,
  - prevention of corruption: an educational video accessible to all illustrating the anti-corruption practical guide published in 2014 was distributed in late 2015 in all departments and will be supplemented in 2016 by an e-learning course;
- anti-competitive practices: a supplementary e-learning course is available since late 2015. This will be rolled out extensively in 2016.

2

Summary of ethics and human rights training courses in 2015

	2015			2014		
Areas	Number of hours	Number of employees	% of employees trained	Number of hours	Number of employees	% of employees trained
Equal opportunity, diversity, anti-discrimination training	9,258	1,537	1.59%	4,338	1,518	1.41%
Compliance with internal rules, Global Agreement, data privacy guidelines, etc.	8,365	7,034	7.26%	30,461	8,521	7.93%
Corruption, conflicts of interest, etc.	1,258	863	0.89%	1,831	887	0.83%
Competition and corruption + fraud (in classroom)	313	215	0.22%	2,157	1,343	1.25%
Code of Ethics	3,175	12,701	13.10%			
TOTAL	**22,369**	**22,350**	**23.06%**	**38,787**	**12,269**	**11.42%**

2015 Situation

The Ethics Committee met four times in 2015, in accordance with the established quarterly rules of procedure.

Results for 2015 are as follows:

- cases of conflict of interest (Group scope, excluding Faurecia):

  There were no major cases of conflict of interest reported in 2015;
- corruption (Group scope, excluding Faurecia):

  There were no convictions for corruption delivered;
- failure to obey competition rules (Group scope, excluding Faurecia):
  - in August 2015, following the Group's appeal of a conviction for anti-competitive practices in Argentina handed down in 2014 by the Argentine Competition Commission (sale of vehicles in a tax-free zone: Tierra del Fuego), the Group's sentence (€14 million) was overturned,
  - in July 2015, the Spanish Markets and Competition National Commission ruled that 21 car manufacturers had exchanged sensitive commercial and strategic information. The Spanish subsidiaries of the Peugeot Espana Group and Citroën Espana were fined €15.7 million and €14.7 million respectively. The Group exercised its right of appeal before the Spanish courts in October,
  - in December 2015, the French competition authority handed down overall fines of €672.3 million to courier companies, of which €30.6 million on GEFCO, for breach of competition law. PSA is involved because GEFCO was a wholly-owned subsidiary at the time of the events. GEFCO and PSA have appealed this decision.

In 2011, the Peugeot Turkey Popas subsidiary was ordered to pay a fine of €6 million. Peugeot Turquie Popas has appealed the decision. The proceedings are ongoing.

Banque PSA Finance

Due to its status as a banking establishment, Banque PSA Finance is subject to banking regulations, which govern the resources and actions of the Internal Control function.

For many years, BPF has implemented, in application of the Order of 3 November 2014 on the internal control of institutions in the banking sector (previously pursuant to Regulation No. 97-02 of the CRBF), procedures and systems intended to prevent the risks to which all financial institutions are exposed and, more specifically, in the context of its oversight and ethics policy, the following procedures:

- an Internal Control Charter develops and explains the principles of role separation and for preventing conflicts of interest. Also, the bodies with permanent oversight aim to ensure the prevention and early treatment of risks by identifying, assessing, monitoring and managing them;
- an anti-money-laundering and terrorism system (LCB-FT) is in place. It is based on a Banque PSA Finance framework agreement which includes local procedures and checks on risks identified for each operational process. The risk of money laundering or terrorism financing is analysed on a quarterly basis when assessing non-compliance risks, certified by the CEOs of each Banque PSA Finance entity.

  There are tools for detecting persons whose assets have been frozen so that a relationship is not entered into with them. The classification of Politically Exposed Person is also controlled so that the appropriate controls and monitoring may be implemented, in particular for the identification and source of funds. Employees receive regular training on AML (Anti-Money

Laundering) and CFT (Combating the Financing of Terrorism) and on the diligences they have to implement;

- BPF has adhered to the PSA Code of Ethics and conducts an ethics review every year to assess its exposure to ethical risk and improvement actions implemented. There were two cases of fraud at BPF in 2015, one in France, the other in Portugal. These cases were isolated incidents and had limited impact on the company's reputation. Corrective measures were put in place;
- a personal data protection system has been set up. It is based on a Banque PSA Finance framework agreement which includes local procedures and appropriate checks and regular training for employees. The topic of data protection is discussed on a quarterly basis when assessing non-compliance risks, certified by the CEOs of each Banque PSA Finance entity;
- in addition to the systems described above, BPF has implemented a professional alert system which allows any Group employee to inform the Bank's Compliance Manager (or members of the Board of Directors for entities operating in partnership with Santander) of any non-compliance situation linked to the institutions' activities.

2.4. HUMAN RESOURCES, DRIVING CHANGE WITHIN PSA

For PSA, company performance and social performance are bound together. The human resources policy initiated by the Group gives it a competitive advantage for dealing with changes within the Company, anticipating and innovating. It is reflected in many different achievements.

By focusing on social dialogue to design innovative, concrete solutions, the Group's human resources policy maintains social cohesion and creates the conditions for inspiring trust and commitment.

It reconfirms PSA ambition to get the most out of the Group talents and skills. Giving each individual the opportunity to develop and reach their potential provides PSA with major leverage for boosting performance and building the future.

The PSA Global Framework Agreement on Social Responsibility and its commitments to respecting fundamental human rights form a core reference system for this responsible human resources policy. It focuses on each person to ensure equal opportunity based on merit.

The PSA human resources policy provides effective responses to the five key social issues identified by the Group:

- social dialogue and responsible management of jobs and skills;
- attracting, identifying, developing and retaining talent;
- well-being, occupational health and safety;
- diversity, gender equality and equal opportunity;
- respect for human rights and for the free exercise of union rights.

This policy is broken down into three parts (human resources development policy, occupational health and safety policy, employee relations policy) and the application of management systems constantly checked and improved as part of a continuous improvement procedure. They apply to all Group companies excluding Faurecia, which has complete management autonomy and specific policies described in summary in this document and more comprehensively in Faurecia's Registration Document.

For further information on social achievements at PSA (Automotive Division and other activities excluding Faurecia), please refer to the CSR Report.

2.4.1. Social dialogue

PSA encourages social dialogue to drive transformation within the Company and prepare employees for upcoming changes. This is a sustainable policy that involves sharing Group strategy with unions representing employees and implementing a culture of social dialogue at Group level as well as in each country and in each workplace.

A SYSTEM FOR MANAGING EMPLOYEE RELATIONS

PSA acknowledges the central role of trade unions in the Company's social dialogue and cohesion. The Group actively supports employee freedom of association and representation and is committed to respecting the independence and pluralism of trade unions at all its sites and implements an active contractual policy. 97% of the staff is represented by unions or by employee representatives. Employee representation is part of the Group governance (Section 3.1).

Structured around six principles, the Group's employee relations policy is designed to support a harmonious working environment in every plant and facility. In particular, systems are in place to proactively foresee and manage all developments impacting the business.

The system for managing employee relations
1. The Group respects and is committed to promoting the principles of the Universal Declaration of Human Rights and the International Labour Organization
2. Working processes and standards meet current labour regulations
3. The Group's social dialogue is based on independent trade unions and employee representatives
4. Contractual agreements combine the Company's operational efficiency with the satisfaction and commitment of employees, strengthening internal social cohesion
5. Social dialogue, based on respect and responsibility, takes place daily by managers within the work units
6. Social policy in all subsidiaries is assessed regularly

THE GLOBAL FRAMEWORK AGREEMENT ON SOCIAL RESPONSIBILITY G.6 G.15 G.16 G.17 G.18 G.19 G.40 G.42

PSA wanted to demonstrate the full depth of its commitment and decided to get a wide range of stakeholders involved in the CSR process on an international level. With IndustriALL Global Union (formerly International Organisations of Metal Workers' Federation – FIOM) and IndustriALL Europe (formerly European Metallurgists' Federation – FEM) and over 90 trade unions all over the world, the Group signed a global framework agreement on corporate social responsibility in 2006. It renewed this agreement in 2010, dedicating a new chapter to safeguarding the environment and strengthening social commitment.

It engages the Group to respect and promote the fundamental human rights expressed in the Universal Declaration of Human Rights and to apply the best human resources management and development practices. It also contractually commits the Group to sharing its standards with its industrial partners, suppliers and independent dealers. This agreement is expressed in 15 commitments.

15 commitments of global framework agreement on PSA's Social Responsibility
1. Non-complicity in the violation of Human Rights
2. Freedom of association and recognition of the right to collective bargaining
3. Abolition of child labour
4. Elimination of discrimination and promotion of equal opportunities
5. Fight against corruption
6. Safety, working conditions and health
7. Developing future skills through continuous in-service training
8. Opportunities for employee participation
9. Advance planning for changes to professional and job profiles
10. Pay
11. Social protection
12. Negotiated work organisations
13. Shared social responsibility with suppliers, sub-contractors, industrial partners and distribution networks
14. Consideration of the impact of company activity at the local level
15. Environmental protection

This global framework agreement applies to all Group companies (excluding Faurecia) and promotes compliance with social and environmental requirements through action plans exhaustive monitoring and support on a wide scale.

Every year, each subsidiary defines its priorities for action and applies action plans to improve their ability to fulfil the agreement's commitments. In 2015, 222 action plans were defined in the 89 Group subsidiaries based in 30 countries on 4 continents. In addition, an annual audit process is implemented.

In 2015, 85% of the 79 trade unions involved in a triennial assessment of the agreement application concluded that progress had been made in fulfilling the CSR commitments. With the involvement of an external stakeholder, compliance with the agreement is reviewed annually at global level by the Group's Works Council expanded into a Global Council, in the presence of IndustriALL representatives.

THE EUROPEAN WORKS COUNCIL

Set up in 1996, the European Group Works Council is a body for dialogue and discussion between management and employee representatives. Dealing with the Group's strategy, results and outlook, this body allows the general management to understand the concerns, expectations and suggestions of employees, but also to build the partnerships necessary to carry out large cross-functional projects. During its annual plenary meeting, the European Group Works Council is expanded into a Global Council, with delegates from Argentina, Brazil and Russia.

In 2015, the European Group Works Council and its Liaison Committee of officers met eight times.

THE JOINT UNION-MANAGEMENT STRATEGY COMMITTEE

A body for dialogue and discussion, this Committee allows for more and earlier involvement of the employee representatives in Group strategy. The French representative organisations and the main trade unions of the non-French European companies are represented on the Committee.

To strengthen social dialogue and share the Company's vision, priorities and projects, the remit of this Committee was extended in 2013 according to the procedures set out in the "New Social Contract". It met five times in 2015.

CONTRACTUAL POLICY G.7

PSA is committed to driving a contractual policy based on a sound understanding of the company, which looks for innovative solutions and shows its capacity to reconcile the Company's economic and social priorities. In 2015, 106 company agreements were concluded, of which 78 outside France. Worldwide, 95% of Group employees are covered by a collective bargaining agreement at sectoral and/or company level.

The signing of the "New Social Contract" on 24 October 2013 in France by four trade unions representing 62% of employees reflects the strengthening of social dialogue at the core of the economic recovery strategy to develop competitiveness and maintain strong industrial and R&D bases in France as well as anticipate changes, safeguard jobs and ensure the integration of young people in the Company. This agreement contributes to Company performance.

Internationally, the agreements concluded with trade unions also helped support Company transformation and manage employment in a responsible and concerted fashion, adapted to the local economic and social context.

Faurecia has its own European Works Council, which plays a major role in economic and social dialogue. Set up in 2003, this body is now governed by the agreement signed unanimously on 10 January 2012. The European Works Council met in plenary session on 6 and 7 May 2015, and its council office met three times during the year.

In 2015, the social dialogue policy implemented at Faurecia led to the signing of 421 facility or company agreements, in 21 countries, 189 in France, 110 in Germany, 39 in Brazil 14 in Mexico, 12 in Argentina, 9 in Tunisia and 8 in Romania. In 2015, three new competitiveness agreements covering eight sites were concluded in Faurecia's various business activities. With these agreements and those concluded in previous years, nearly 48 sites have since 2012 benefited from competitiveness agreements contributing to maintaining activity or obtaining new programmes, thereby avoiding the implementation of new industrial redeployment initiatives.

PROMOTING EMPLOYEE MOTIVATION AND COMMITMENT

PSA is committed to informing and listening to employees and to implementing participatory initiatives. The Group has a range of methods to measure employee satisfaction and better understand their aspirations. Regular surveys conducted by a market research institute assess Group employee satisfaction and confidence levels.

"Team Connect", an in-house survey launched in 2013, is an additional tool assessing employees. Thus, over 40,000 employees in 33 countries outside France were given the opportunity to express their view on to the Group. The participation rate in the second round, conducted in November 2014, was 81%, up 3 points.

This social barometer aims to gain a deeper insight into employee commitment and draw up specific, targeted action plans by exploring a number of features relating to employee motivation and perception of their working environment. Around 700 managers received a results report on their team's situation and have implemented action plans based on this.

Finally, the Workplace Stress Measuring and Monitoring Programme (see Section 2.4.4) provides a regular assessment of a motivation index and illustrates the factors effecting motivation.

2.4.2. Responsible employment and skills management

To achieve its transformation plans, the Company engages in ongoing dialogue with employee representatives and promotes a contractual approach. Anticipating changes via workforce and skills planning (GPEC), a major priority for the Group, was at the core of building the "New Social Contract".

Wherever it has to implement adjustments and restructuring measures, PSA sets up systems to prioritise performance as it is the best way of protecting employment. In the case of workforce reductions, the Group has set up systems to support staff in secure employment solutions. Internal reconversion programmes and external mobility are aimed at ensuring employability and safeguarding career paths.

The Professions and Skills Observatory, a joint body set up in France by the Group, is responsible for building a prospective vision of roles within the Group and producing shared diagnoses on occupations in high demand (unmet needs) and on at-risk occupations (workforce reduction and reconversion needs). It is based on the job families and professions approach (Section 2.4.3.1). The Professions and Skills Observatory is a key Group tool for anticipating changes in employment, communicating in a transparent and responsible manner, initiating professional mobility and preventing overstaffing.

2.4.2.1. WAYS TO ADAPT RESOURCES TO THE COMPANY'S NEEDS

Safeguarding career paths

Priority is given to internal resources and their development. *Top Compétences* was launched in 2012 and is a system designed to better meet the Group's competitiveness and skills reallocation needs. Aimed at all socio-professional categories, it has opened up new opportunities for career reconversion supported by an increased emphasis on individual training. Employees in this training programme can access new roles with a promising future.

Over 2,800 employees took part in "Top Compétences", taking on the opportunity to learn a new skill within the Group, totalling 178,100 training hours, with an average number of 75 training courses over 18 to 24 months. This programme has been rolled out in France and other European countries.

Safeguarding career paths also means promoting external professional mobility accompanied by schemes to help employees find new employment, retrain for a new activity or set up a business. In France, it is based on the innovative solutions formulated by the "New Social Contract":

- probationary mobility period under the Jobs and Skills Alignment Plan (DAEC) to allow outplacement candidates to return up to the end of their trial period with a new employer;
- secure mobility periods under workforce and skills planning (GPEC), allowing outplacement candidates to return to PSA for up to two years after starting a new job;
- career transition passport under the Territorial Career Mobility and Transition Platforms (PTMTP).

Safeguarding career paths is also at the core of the PSA intergenerational contract, which provides for retaining older employees while hiring young people: for each older employee retained in a job, a young person is hired, particularly via work-study contracts (especially apprenticeships).

Building an ecosystem that encourages employment

The Territorial Career Mobility and Transition Platforms (PTMTP) are an example of PSA's corporate social responsibility approach, helping safeguard career paths at regional level.

Set up in PSA's five French host regions (Alsace, Champagne-Ardenne Lorraine, Brittany, Franche-Comté, Île-de-France, Nord-Pas-de-Calais) with government support, these platforms are based on partnerships forged with companies of all sizes that are hiring, from SMEs to international groups.

Based on these companies' offers and on their commitment to hire PSA employees if they successfully complete their retraining, the Group builds tailored training paths of at least 300 hours with its partners. This career transition passport allows employees interested in transitioning measures to fill the gap between their current and future job while remaining PSA employees until they are definitively hired (end of trial period) within their new position. Partner companies benefit from a process of selection, training and professional integration involving motivated and experienced employees. This approach boosts the local employment market and supports regional development.

Building Group activities based on strategic partnerships

Restoring profitability and rebuilding the Group's financial fundamentals involves strategic management of its portfolio of activities and skills. The Group has entered into new strategic partnerships to assign some activities on to specialist businesses better placed to build up performance and competitiveness over the long term. Although listed as workforce departures in the tables below, workforce transfers undertaken under this scheme have helped maintain jobs.

Group hirings

In 2015, the Group continued its hiring policy targeted at experienced professionals in order to meet current and future technological challenges, particularly in the area of digitalizisation. Thus, the Group hired experts in electronics and electricity to help develop the 2020 autonomous vehicle. The Company also recruited 200 young people under permanent contracts to supplement the sales teams in France.

In 2015, the Group hired 10,793 employees on permanent contracts. 86% of these hirings took place at Faurecia. 92% of these hirings were for the Group's international business.

In 2015, as part of its programme to bring young people into the workforce, the Group welcomed 3,849 work-study programme participants (see Section 2.4.5.3).

Workforce

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

(Consolidated Group, at 31 December)

	2013	2014	2015
Automotive Division	111,228	103,894	95,669
o/w PCA France	*61,265*	*57,351*	*54,340*
Faurecia	81,995	82,382	85,218
Other	3,661	3,510	1,270
TOTAL	**196,884**	**189,786**	**182,157**

The abbreviations CDI and CDD stand for, respectively "permanent employment contract" and "fixed-term employment contract". The fixed-term contracts include apprenticeships, skill-acquisition contracts and CIFRE contracts for PhDs students.

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS OVER THREE YEARS BY REGION G.1D

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2015**	**65,809**	**21,977**	**7,883**	**95,669**
	2014	70,044	24,986	8,864	103,894
	2013	71,922	27,376	11,930	111,228
o/w PCA France	***2015***	***54,340***	***0***	***0***	***54,340***
	2014	*57,351*	*0*	*0*	*57,351*
	2013	*61,265*	*0*	*0*	*61,265*
Faurecia	**2015**	**12,137**	**36,060**	**37,021**	**85,218**
	2014	12,122	34,520	35,740	82,382
	2013	12,635	33,521	35,839	81,995
Other	**2015**	**328**	**910**	**32**	**1,270**
	2014	1,664	1,650	196	3,510
	2013	1,646	1,717	298	3,661
TOTAL	**2015**	**78,274**	**58,947**	**44,936**	**182,157**
	2014	83,830	61,156	44,800	189,786
	2013	86,203	62,614	48,067	196,884

At 31 December 2015, there were 182,157 employees within the Group of which 169,961 were on permanent contracts (93% of the workforce). Today, 57% of employees work outside France, of which 32% in other European countries and 25% in the rest of the world.

On the line "Other", the reduction in headcount is due to the deconsolidation for reporting purposes of companies formed as joint ventures between Banque PSA Finance and Santander Consumer Finance.

The headcount was broken down into 20% managers, 20% TAM and 60% operators.

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER AND DIVISION G.1B

(Consolidated Group, at 31 December)

	France		Rest of Europe		Rest of the world		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	11,193	54,616	5,052	16,925	1,334	6,549	17,579	78,090
o/w PCA France	*9,739*	*44,601*	*0*	*0*	*0*	*0*	*9,739*	*44,601*
Faurecia	2,836	9,301	10,354	25,706	10,776	26,245	23,966	61,252
Other	163	165	493	417	14	18	670	600
TOTAL	**14,192**	**64,082**	**15,899**	**43,048**	**12,124**	**32,812**	**42,215**	**139,942**

EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP AND GENDER G.1C

(Consolidated Group, at 31 December)

	< 30 years old		30-39 years old		40-49 years old		≥ 50 years old		Total	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	2,155	6,632	5,315	20,168	5,432	26,068	4,677	25,222	17,579	78,090
o/w PCA France	*889*	*2,472*	*2,260*	*9,888*	*3,161*	*15,691*	*3,429*	*16,550*	*9,739*	*44,601*
Faurecia	7,293	18,459	7,246	17,353	5,925	14,699	3,502	10,741	23,966	61,252
Other	106	54	212	137	205	213	147	196	670	600
TOTAL	**9,554**	**25,145**	**12,773**	**37,658**	**11,562**	**40,980**	**8,326**	**36,159**	**42,215**	**139,942**

Leavers G.2B

BREAKDOWN OF LEAVERS UNDER PERMANENT CONTRACTS BY REGION

(Consolidated Group, at 31 December)

Automotive Division	France	Rest of Europe	Rest of the world	Total
Resignations	441	1,288	1,176	2,905
o/w PCA France	*152*	*0*	*0*	*152*
Dismissals	396	594	73	1,063
o/w PCA France	*179*	*0*	*0*	*179*
Redundancies	2,597	1,188	30	3,815
o/w PCA France	*2,482*	*0*	*0*	*2,482*
Retirement, death or other	1,964	361	50	2,375
o/w PCA France	*1,137*	*0*	*0*	*1,137*
TOTAL	**5,398**	**3,431**	**1,329**	**10,158**
Leavers rate, Automotive	8.6%	16.8%	17.3%	11.1%
o/w PCA Leavers rate (France)	*7.6%*	*0.0%*	*0.0%*	*7.6%*

Faurecia	France	Rest of Europe	Rest of the world	Total
Resignations	127	1,670	3,316	5,113
Dismissals	159	981	2,455	3,595
Redundancies	87	298	472	857
Retirement, death or other	142	223	122	487
TOTAL	**515**	**3,172**	**6,365**	**10,052**
Leavers rate, Faurecia	5%	9.8%	18.8%	12.9%

Other	France	Rest of Europe	Rest of the world	Total
Resignations	10	49	1	60
Dismissals	2	5	0	7
Redundancies	6	0	0	6
Retirement, death or other	2	12	0	14
TOTAL	**20**	**66**	**1**	**87**
Leavers rate, Other	6.6%	8.2%	3.2%	7.6%

The percentage of leavers is calculated as the ratio of all permanent contract departures during the year (resignations, redundancies, dismissals and others: retirement, death, transfer, etc.) to the total Group workforce on permanent contracts at 31 December 2015.

In 2015, the Group recorded 20,297 leavers. This gives a leavers rate of 11.1%.

Hirings G.2A

EMPLOYEES HIRED ON PERMANENT CONTRACTS

(Consolidated Group, at 31 December) – Includes transfers from fixed-term to permanent contracts

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2015**	**387**	**601**	**476**	**1,464**
	2014	453	480	243	1,176
	2013	450	847	1,082	2,379
o/w PCA France	***2015***	***79***	***0***	***0***	***79***
	2014	*88*	*0*	*0*	*88*
	2013	*52*	*0*	*0*	*52*
Faurecia	**2015**	**450**	**2,830**	**6,023**	**9,303**
	2014	299	3,302	5,774	9,375
	2013	187	3,045	7,416	10,648
Other	**2015**	**2**	**22**	**2**	**26**
	2014	23	28	12	63
	2013	13	72	199	284
TOTAL	**2015**	**839**	**3,453**	**6,501**	**10,793**
	2014	775	3,810	6,029	10,614
	2013	650	3,964	8,697	13,311

EMPLOYEES HIRED ON FIXED-TERM CONTRACTS

(Consolidated Group, at 31 December)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	2,797	657	144	3,598
o/w PCA France	*2,081*	*0*	*0*	*2,081*
Faurecia	417	3,796	4,801	9,014
Other	20	44	0	64
TOTAL	**3,234**	**4,497**	**4,945**	**12,676**

In 2015, Faurecia saw its overall level of business increase thanks to strong growth in Europe and North America, despite a slight slowdown in Asia and a marked contraction in South America. This trend is reflected in the change in the number of employees, which continued to grow in 2015, from 82,382 at the end of 2014 to 85,218 at the end of 2015, a rise of 3.4%.

Industrial redeployment initiatives affected 15 sites in 2015, impacting 880 jobs in seven countries, mostly in Europe, South America and South Africa. In this context, Europe saw its workforce grow by 3.2%. In North America, the workforce grew by 4.1%, benefiting from Faurecia's expansion and good performance in this market and the sales momentum enjoyed with some carmakers operating in this area. In South America, the total workforce fell by 7.7%, in line with the sharp decline in automotive production.

Lastly, in Asia, despite the slowdown of this market in the second half, the workforce increased by 9.0%.

2.4.2.2. ORGANISATION OF WORKING HOURS

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

Short-time work G.4

Use of short-time work can be an alternative to unemployment and redundancies as it preserves jobs. In recent years, it has been an important vehicle for the Group to avoid job losses during a period of recession in the European automotive market, whilst developing employees' skills and protecting the future. This way of adjusting resources, which protects employment, has been used in various European countries, including France.

Thus, short-time working hours in France represented the equivalent of 1,800 jobs saved in 2014 and 400 in 2015 (number of short-time working hours applied to an annual average of 1,607 hours).

SHORT-TIME WORKING

(Consolidated Group, at 31 December)

			Total
Automotive Division		**2015**	**1,178,152**
		2014	4,172,246
		2013	5,734,951
	o/w PCA France	*2015*	*645,763*
		2014	*2,930,576*
		2013	*4,411,327*
Faurecia		**2015**	**602,566**
		2014	1,018,538
		2013	1,455,766
Other		**2015**	**3,061**
		2014	11,196
		2013	**0**
TOTAL		**2015**	**1,783,779**
		2014	5,201,980
		2013	7,190,717

OVERTIME

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2015**	**443,506**	**514,975**	**216,595**	**1,175,076**
	2014	233,843	588,526	288,697	1,111,066
	2013	365,392	766,365	1,036,474	2,168,231
o/w PCA France	***2015***	***384,007***			***384,007***
	2014	282,304			*282,304*
	2013	262,978			*262,978*
Faurecia	**2015**	**240,235**	**2,580,700**	**8,760,062**	**11,580,997**
	2014	218,983	2,195,091	7,986,910	10,400,984
	2013	217,253	1,991,106	7,896,369	10,104,728
Other	**2015**	**-**	**8,052**	**-**	**8,052**
	2014	17,002	11,994	4,136	33,132
	2013	18,974	16,717	1,012	36,703
TOTAL	**2015**	**683,741**	**3,103,727**	**8,976,657**	**12,764,125**
	2014	469,828	2,795,611	8,279,743	11,545,182
	2013	601,619	2,774,188	8,933,855	12,309,662

PSA has set up schemes for modulating working hours, also called banks of hours, in most countries where it has industrial or logistics facilities. Thus, in these countries, working hours are determined on an annual or multi-year basis.

Absenteeism and its causes G.5

In 2015, based on the 266 million hours worked, absenteeism for sickness stood at around 2.7%.

PAID ABSENCES FOR SICKNESS

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2015**	**2,537,776**	**1,261,847**	**228,209**	**4,027,832**
	2014	2,909,390	1,298,668	540,303	4,748,361
	2013	4,044,384	1,299,807	783,307	6,127,498
o/w PCA France	***2015***	***2,217,362***	**-**	**-**	***2,217,362***
	2014	*2,468,683*	-	-	*2,468,683*
	2013	*2,889,233*	-	-	*2,889,233*
Faurecia	**2015**	**581,593**	**1,958,574**	**619,484**	**3,159,651**
	2014	570,172	1,789,855	533,815	2,893,842
	2013	628,025	1,791,819	722,213	3,142,057
Other	**2015**	**2,618**	**41,387**	**119**	**44,124**
	2014	54,573	75,027	2,609	132,209
	2013	54,687	83,096	1,367	139,150
TOTAL	**2015**	**3,121,987**	**3,261,808**	**847,812**	**7,231,607**
	2014	3,534,136	3,163,550	1,076,727	7,774,413
	2013	4,727,096	3,174,722	1,506,887	9,408,705

2.4.3. Developing human capital

PSA aims to offer the best opportunities for development and employability to all its employees and intends to build talent.

Pooling energies and unleashing talent to lead PSA toward winning is at the core of the Group's Human Resources Project. By allowing each employee to reach their best potential and preparing for changes to jobs and technologies, the PSA human resources policy is building the Group's future.

The human resources development policy implemented worldwide is built around seven principles:

1	Each Group employee is an active participant in his or her career development
2.	Each manager is responsible for the development of his or her team
3.	Each employee has an annual performance review
4.	Career paths are defined by job family, through each family's profession
5.	Training is a major investment for the Company and for each employee
6.	Job mobility allows interested employees to expand their career horizons and develop their skills
7.	The Group manages jobs responsibly

This policy is rounded off by systems that are standardised, appropriately equipped and regularly evaluated within the HR community via a road map detailing the stages of maturity. These systems are: career plans, developing managerial skills, supporting employees, the performance review system, the talent review, qualifying career paths, the training offer, training certification, internal mobility and the Group's employment plan.

2.4.3.1. MANAGEMENT BY JOB FAMILIES AND PROFESSIONS

The job families and professions approach developed by the Group is central to PSA's human resources development policy to manage talent and skills today and tomorrow over the medium and long term.

This skills management at global level is based on 21 job families and 110 professions, a profession being a skill set encompassing all the professions focused on the same ultimate work objective. This approach is used to draw up skills development programmes, skills acquisition procedures, career paths leading to qualifications and their associated links between professions and job families, professional mobility and guidance on expertise. As a guarantee of excellence, all professional training courses are certified by PSA University according to a structured audit process.

The job family 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 problems (see Professions and Skills Observatory, Section 2.4.2).

2.4.3.2. ATTRACTING TALENT

Actions promoting proximity and discussion took place among young people and teaching staff, using a network of very active and motivated "campus partners" to provide information on Group activities and training and employment opportunities. This involved participation in forums, organising visits to Group sites, participation in teaching at selected partner colleges and placements for lecturers.

PSA develops diversity and gender equality in all its teams. In partnership with the "*Elles bougent*" association, and with the help of a 50 in-house female sponsor network, the Group has improved its actions to communicate with and support young women interested in technical careers.

Youth employment initiatives were also a feature in 2015. The objective of.2,000 work-study participants in 2015 in France, a commitment of the "New Social Contract" was achieved, doubling the number of offers compared to 2014. The Group's employment policy for young people also includes CIFRE contracts for PhDs students (CIFRE) and international corporate volunteering contracts (VIE). PSA is very attractive to young people, as seen in the over 90,000 visits to the *Emploi jeune PSA* corporate website and the more than 7,000 curriculum vitae received during the apprenticeship campaign.

To attract a diverse range of talents, PSA University has joined forces with internationally renowned colleges to offer placements or the opportunity to study for degrees and PhDs within the Group's sites or research laboratories. PSA University currently partners thirty scientific and management colleges and universities in three continents (Europe, Asia and America). These partnerships are in place in Brazil (São Paulo and Rio Universities), in China (Beijing and Shanghai Universities) and in the United States (with Georgia Tech in Atlanta).

In France, this partnership with the academic world is formalised by a unique framework agreement with the Ministry of Education, Higher Education and Research. Using the expertise of the French professional education system, the Group works with 50 educational institutions to transfer this professional know-how. In 2015, 650 young people were enrolled on a 2-year training programme for workplace integration in the Group's industrial and economic sector and more generally in the automotive industry. In the last 10 years, almost 3500 young people have been hired in the PSA network.

Strengthened by this experience, the Group has built relationships with the academic world far beyond France. In collaboration with local education partners and the French state education system, the Group is implementing training centres for the networks of the Peugeot and Citroën brands in the countries where it has a strong presence. This particularly applies to China (with BVCES) and Brazil (with SENAI) to train teachers, trainers, employees and future Group employees, in the automotive manufacturing and commerce.

2.4.3.3. DEVELOPING TALENT G.11A

The talent management approach implemented by PSA makes a direct contribution to corporate strategy and aims to seek out talent more extensively within the organisation, diversify profiles and experiences, provide skills and protect expertise, assign young talent to key positions and projects, promote and develop local skills, give corporate functions a more international dimension and objectify performance.

Each year, the Group performs the Talent Review process globally as a proactive exercise to manage careers individually identify and develop talent to serve the corporate strategy. This bottom-up process consists of collectively comparing views based on performance, skills and leadership and is used to build more robust development options and a career forecast explicitly linked to succession plans.

It aims to detect and develop talent earlier in the employee's career, by setting up Talent Pools for employees with excellent performance and strong growth potential.

The creation in 2014 of an international Talent Pool identified more than 1,200 international profiles with international experience and fluency in English. Likewise, international career paths were built for 60 high-potential managers.

In 2015, the approach was supplemented by Talent Search, targeted action plans focused on identifying female talent, young talent and profiles outside France.

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

2.4.3.4. PROFESSIONAL TRAINING G.11A G.11B

PSA University's purpose is to relay knowledge, know-how and behaviours. As such, it provides key leverage for boosting the Group's performance and developing human capital.

Launched in 2010, PSA University is based on the job families and professions scheme (see Section 2.4.3.1). An important certification process has been implemented. Committees work on skills forward-planning and projects, evaluate training offers and scale the volume of training needs. Therefore this approach is guaranteed exhaustive, relevant with regard to the needs and internationally implemented.

The focus has been set on increasing local manager' skills, to building and rolling out the Group's professions training offer and keeping all categories of employees in their jobs.

PSA University is undertaking cultural change by shifting from a "training" strategy to a "skills development" strategy, which includes other classroom-based and remote educational options (tutoring, coaching, co-learning, peer exchanges, virtual classes, etc.).

PSA University is committed to making its training more innovative, more global and more accessible through e-learning. This technology has been quickly rolled out in the Group, in close partnership with the IT Department and is offering employees all over the world a shared body of knowledge, know-how and values which fit the Group's globalisation ambition. To speed up the shift to multiple educational options and to the "learning company", PSA University has rolled out a new system, "Learn'in PSA", which enhances the training provided with modern options such as virtual classes, MOOCs (Massive Online Open Courses) or rapid learning.

Digital learning takes into account all training courses that are not classroom-based: self-study e-learning, e-learning requiring validation, virtual classes. Its development is a key objective that combines the drive for greater efficiency (ratio quality/cost) and cultural change to develop the "learning company" and encourage employee autonomy in building up their skills. Over 38,000 totally or partially remote training sessions took place in 2015, particularly on basic finance, business administration and management, raising awareness of intercultural open mind and training in office IT tools. The University now offers over 500 business line e-learning courses and over 1,000 e-learning courses on leadership and office IT tools, available for self-study.

The Management School, promoting excellence in management

The Management School offers a range of training modules tailored to managers' needs in leadership development and change management. It includes programmes suited for all management levels: the Advanced Executive Programme identified as "high potential", the Manager Leader programme, focused on the personal development of "managers of managers" and the "Leading my basic production unit", aimed at manufacturing floor managers. In 2015, a new programme "Team Manager" aimed at management introductory level and first-time managers. In 2015, 360 new managers took this course.

"Manager 20.20" is an innovative active learning programme that brings together managers at every level and with various experience to create collective momentum. Aimed at developing collective intelligence and emulating the collaborative spirit in the workplace, about 700 managers were involved in this programme in 2015.

This scheme was supplemented in 2015 by "Team Power", which supports Group strategic projects and helps speed up transformation, involving 550 managers and employees as well as by "Event Days", a new type of managerial event aimed at inspiring Group leaders by introducing them to other ways of looking at leadership and giving them opportunities for peer exchange. In 2015, 600 managers took part in those schemes.

Measuring skills gains

The system for evaluating the investment in training is based firstly on a system for validating training-based learning and then on an evaluation carried out at the end of the training session.

In 2015, nearly all the Group's professions had achieved certification. An audit campaign to renew the certifications granted in 2013 was launched. The certification of professional training courses is now a Group-wide initiative and ensures the quality of career paths specific to each position.

At Faurecia, 2015 was a transitional year for Faurecia University which acquired a new campus in greater Paris. Its mission is to provide top management training on a global level as well as other corporate training at the European level. The Regional Universities in Auburn Hills, Michigan and Shanghai, China have fulfilled their missions of providing corporate training and creating specific programmes addressing regional issues. About 4,900 participants attended the Faurecia University programmes in 2015, as compared to 4,500 in 2014.

HOURS OF TRAINING G.12 G.11B

(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training *(in thousands of hours)*				Average hours of training per employee*		
	France	Rest of Europe	Rest of the world	Total	France	Rest of Europe	Rest of the world
Automotive Division	1,090.0	388.9	87.3	1,566.1	18.9	19.5	11.3
o/w PCA France	*931.0*	*0*	*0*	*931.0*	*19.5*	*0*	*0*
Other	3.4	23.0	0.4	26.8	10.7	28.8	0
TOTAL	**1,093.4**	**411.9**	**87.7**	**1,593.0**	**18.8**	**19.9**	**11.3**

* Present employees (excluding relocation leaves and job retention leaves for older employees).

AVERAGE HOURS OF TRAINING BY SOCIO-PROFESSIONAL CATEGORY AND GENDER G.12

(Consolidated Group, excluding Faurecia, at 31 December) – Number of training hours based on present employees on Fixed Term Contracts and Permanent Contracts*

	Operators and administrative employees			Technicians and supervisors			Managers			Total (including all SPCs)		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
Automotive Division	18.4	18.8	18.7	16.0	18.3	17.8	20.3	17.7	18.2	18.0	18.4	18.4
o/w PCA France	*22.7*	*21.4*	*21.6*	*10.6*	*17.8*	*16.4*	*19.2*	*17.2*	*17.6*	*19.1*	*19.6*	*19.5*
Other	1.9	28.4	10.3	18.3	35.0	25.7	19.5	21.5	20.7	18.3	28.2	23.3
AVERAGE	**18.4**	**18.8**	**18.7**	**16.1**	**18.6**	**18.0**	**20.2**	**17.7**	**18.2**	**18.0**	**18.5**	**18.4**

* Excluding reclassification leaves and job retention leaves for older employees.

Due the wide assortment of information reported by Faurecia, the data from the latter was not consolidated this year. Please refer to Faurecia's Registration Document.

The average number of training hours per employee was 18.4 hours in 2015. 76% of employees received at least one training course during the year. The more than 1.5 million hours of training delivered throughout the Group represented an investment of €80 million.

2.4.3.5. MANAGING PERFORMANCE AND DEVELOPMENT

The annual appraisal is a fundamental management strategy for assessing team performance and development. With its three parts – evaluation, objectives, perspectives and development – the annual appraisal is an important opportunity for evaluating the contributions of each employee, recognising and rewarding performance, and for individual development, in the form of a personal development plan.

With the support of the HR process unified since 2012 for all Group managers, technicians and supervisors, the top down application of Company objectives, via objectives contracts, into Annual Performance Objectives via the annual appraisal ensures their correct alignment and collective performance.

In 2015, 85% of the Group's employees worldwide received an annual appraisal, and most of them updated their resume and technical skills, self-assessed based on a catalogue of 330 technical skills.

2.4.3.6. COMPENSATION POLICY

In all countries of operation, the Group's compensation policy is in line with the different markets practices. It also meets the Company's own objectives:

- contribute to the Group's economic performance and, specifically in 2015, in rebuilding its financial fundamentals by aligning compensation, particularly fixed salaries, with the challenges of cost control and personnel expenses;
- base the compensation policy on performance, i.e. focusing employees on individual and/or collective targets and sharing results with them.

Wage moderation continued in 2015 to help ensure the Group's recovery. Payroll budgets were maintained throughout the world and there were negotiations and trade union agreements in some countries. Collective bargaining conducted in several countries revealed employee representatives highly committed to the Group's recovery: agreements with significant wage moderation to help improve plant competitiveness were signed in Porto Real in Brazil, Trnava in Slovakia, Vigo in Spain, Mangualde in Portugal and Kaluga in Russia. In 2015, 23 wage agreements were signed with employee representatives worldwide.

Healthcare, death & disability coverage

The Group is committed to providing major risks and life coverage for all employees worldwide. In Germany, death benefit was supplemented in 2015 to include accidental disability coverage for all employees.

The partnership set up by the Group in recent years with an international broker has allowed the Company to manage these healthcare, death and disability coverage schemes worldwide throughout the year and to optimise cost effectiveness, in the interest of the Company and of the employees, who pay some of the contributions.

Pension

The Group has set up defined contribution pension plans in countries where necessary according to market practices and available resources. Such schemes are in place in Germany, Belgium, Spain, France, Japan, the Netherlands, Czech Republic, Slovakia and the United Kingdom. Managed by local joint labour management committees, these plans are designed to provide beneficiaries with supplemental retirement income in addition to their statutory retirement benefit. There are also specific pension plans in addition to the statutory requirements in Brazil and Argentina.

Group employee profit-sharing agreements

Employee business support and association with profit-sharing are governed by collective schemes; in France, these are discretionary and non-discretionary profit-sharing plans. Group profits in 2014 were such that significant amounts were distributed in France in 2015, in contrast to previous year s. These distributions were made according to actual profit-sharing agreements and to an additional profit-sharing payment, as negotiated with trade unions under the New Social Contract. Profit-sharing as well as agreements were also renegotiated for a new three-year period, from 2015 to 2017. This change was made to adopt a more secure and more understandable formula by the employee for calculating the bonus for employees directly linked to the targets of the Back In the Race plan to rebuild the Company. The Group paid no discretionary profit-sharing for 2014 outside France in 2015.

Furthermore, on 16 December 2015, the Group announced its intention to end its defined benefit supplementary pension plan for Group Executive Directors and members of the Executive Board and to redistribute the resulting €34 million in savings among all employees. This redistribution will supplement the Group's existing compensation and profit-sharing schemes, following the approval of the Shareholders' Meeting.

The Group maintained the bonus schemes for executives worldwide. These plans link executives to individual and collective targets based on Company performance. In 2015, around 15,000 executives were eligible for a bonus scheme, representing over 70% of executives worldwide. For around 2,500 managers, these are dedicated schemes specific to retail and dealer networks worldwide. The Group Bonus, the bonus scheme for the other 11,500 managers was modified in 2015 to include entities' targets in addition collective Group targets; this modification aims at motivating those managers around collective targets in which they are more directly involved.

Employee savings schemes

Employee savings solutions are offered in five countries: France, Spain, Portugal, Germany and the United Kingdom. In these five countries, the schemes allow employees to invest in Group shares throughout the year. The Company Savings Scheme in France has two components:

- the Savings Plan with Investment in Group Shares;
- the Diversified Savings Plan invests in different investment vehicles (monetary, bonds, shares) with a varied risk/return ratio based on the vehicles. It offers an alternative to the savings plan with investment in Group shares.

Accelerate: Group capital increase reserved for employees

Another important scheme in late 2014/early 2015 gave Group employees the opportunity to participate in the rebuilding of the Group and the value created as a result: the Accelerate capital increase was aimed at Group employees in 14 countries and 15,000 of them subscribed in January 2015. The countries with the highest number of employee subscribers were China, the Netherlands and France. This transaction involved two proposals to employees (conventional or secured) and benefited from a large Company contribution. Subscription levels greatly exceeded the stock option plan, showing that employees are committed to and have full confidence in the Company's capacity to return to the highest performance levels.

Wage costs G.3

PROGRESSION IN TOTAL PAYROLL BY REGION AND DIVISION

(Consolidated Group, excluding Faurecia, at 31 December)

(in thousand euros)		France	Rest of Europe	Rest of the world	Total
Automotive Division	**2015**	**3,509,712**	**1,118,862**	**399,732**	**5,028,307**
	2014	3,720,040	1,049,665	451,910	5,221,614
	2013	3,923,718*	1,061,588	520,711	5,505,017
o/w PCA France	***2015***	***2,943,518***	**-**	**-**	***2,943,518***
	2014	*3,119,329*	-	-	*3,119,329*
	2013	*3,508,860*	-	-	*3,508,860*
Other	**2015**	**98,819**	**70,590**	**12,570**	**181,979**
	2014	131,851	90,132	12,478	234,461
	2013	133,046	90,803	10,005	233,855
TOTAL	**2015**	**3,608,531**	**1,189,452**	**412,303**	**5,210,286**
	2014	3,851,891	1,139,797	464,388	5,456,076
	2013	4,056,764*	1,152,391	530,717	5,739,872

(1) Without Française de Mécanique or Sevelnord.

In 2015, total payroll costs (excluding Faurecia) came to €3,970,448 thousand, while related payroll taxes amounted to €1,239,838 thousand. Annual median salary in France is €35,500.

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

(Base 100 = Consolidated Group, excluding Faurecia, in 2015)

Country	Ratio	Regional legal minimum wage
Germany	117	Regional legal minimum wage
Argentina	171	Local legal minimum wage
Austria	103	Regional legal minimum wage
Belgium	142	Guaranteed average minimum monthly income
Brazil	164	Local legal minimum wage
China	100	Regional minimum wage (Shanghai)
Spain	142	Local legal minimum wage
France	123	Local legal minimum wage Guaranteed
Italy	103	Local legal minimum wage
Poland	108	Local legal minimum wage
Portugal	108	Local legal minimum wage
United Kingdom	100	Local legal minimum wage > 21 years of age
Russia	436	Regional legal minimum wage
Slovakia	167	Local legal minimum wage
Switzerland	NA	No legal minimum wage; no industry agreements

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.

At Faurecia, the total amount of compensation paid, including social security contributions, increased by 9.2%: €3,388.1 million in 2015 compared with €3,102.7 million in 2014. At the same time, the workforce increased by 3.4%, with increases of 6.5% for engineers and managers. In 2015, 94 agreements were signed on wages, bonuses and compensation, and 84 on incentives and profit-sharing. The variable compensation scheme, based primarily on the performance of the various business units, is applied consistently in all countries where the Group has operations. At end-2015, approximately 4,000 managers benefited, out of a total of 17,300.

2.4.4. Workplace health and safety

With a lost-time incident frequency rate of 1.18 points, PSA's results in health and safety are up to the highest levels in the manufacturing sector. The Group is one of the world's three leading car manufacturers with the least accidents.

This is the result of rigorous application of the Occupational Health and Safety Management System which the Group has been developing for several years.

The Group aims to further improve employee health and safety. It has set clear targets in three areas: safety, a total lost-time accident frequency rate of 1 point over the medium term; health, an occupational illness frequency rate of 2 points; and well-being, a work-related stress frequency rate of 7%.

2.4.4.1. WORKPLACE HEALTH AND SAFETY MANAGEMENT SYSTEM G.8

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

The Health and Safety Management System
1. Executive management involvement
2. Structured leadership
3. Clearly established and applied standards
4. Defined roles
5. Effective alert systems
6. Effective monitoring and improvement resources

The SMST, which has taken over all OHSAS 18001 areas, in addition includes specific provisions in terms of policy, commitment, health and safety committees in all sites and at all levels, description of individual protective gear, the modus operandi for handling external visitors and external companies. It also outlines various risks (psycho-social risks, chemical risks, musculoskeletal disorders, commutes, etc.). This management system is an operational guide to excellence in terms of safety.

The management principles of this system are applied in Europe, Latin America and China. The management system is adapted to all Group business activities and all country specific legislations.

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

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

The system is regulated by the Industrial Hygiene, Safety and Working Conditions Committees in France and similar committees in other countries.

Results in terms of workplace accidents and occupational illnesses G.10

As a result of the Group's Health and Safety Policy and its Health and Safety Management system, the great progress made over several years held steady in 2015, with a management lost-time rate of 1.18, as compared to 1.38 in 2014. PSA has the best performance in all French industry. These results reflect safe practices by both permanent and temporary employees. With emphasis on training from the first day on the job and to the attention paid to all categories of workers, the lost-time accident frequency rate for temporary workers is now as low as for Group employees.

Since 2009, with a view to ensuring the protection of all employees, the Group decided to manage this indicator by using the total lost-time incident frequency rate including Group employees and temporary employees (TF1 Management).

The management lost-time incident frequency rate target of one point over a whole year set by the Group for the medium-term, has already been achieved in 33 facilities in Latin America, Spain, France, Portugal, Russia and Slovakia.

TOTAL MANAGEMENT LOST-TIME ACCIDENT FREQUENCY RATE (TF1 MANAGEMENT)

(Consolidated Group, excluding Faurecia, at 31 December)

	2014	2015
Automotive Division	1.52	1.22
o/w PCA France	*1.39*	*1.44*
Other	0.76	0
TOTAL	**1.38**	**1.18**

Management lost-time accident frequency rate includes Group employees and temporary employees. It corresponds to the "number of lost-time occupational accidents multiplied by one million divided by the number of hours worked".

SEVERITY RATE

(Consolidated Group, excluding Faurecia, at 31 december)

	France	Rest of Europe	Rest of the world	Total
Automotive Division	0.23	0.07	0.01	0.17
o/w PCA France	*0.24*	-	-	*0.24*
Other	0	0	0	0
TOTAL	**0.22**	**0.06**	**0.01**	**0.16**

The severity rate corresponds to the number of consecutive days lost to accidents multiplied by one thousand divided by the number of hours worked.

OCCUPATIONAL ILLNESSES

(Consolidated Group, excluding Faurecia, at 31 December – Number of illnesses reported)

The priority focus is on job-related diseases. This led to a reduction in occupational illnesses in all Group facilities worldwide. The frequency rate of occupational illnesses introduced by the Group is regularly monitored (FR = number of recognised occupational illnesses divided by the number of hours worked multiplied by 1,000,000). In 2015, this rate was 3.46, an improvement compared with 3.89 in 2014.

	Musculoskeletal disorders of the upper limbs	Carrying heavy loads	Occupational illnesses after exposure to asbestos	Noise-related hearing loss	Other	Total
Automotive Division	313	12	32	11	67	435
o/w PCA France	*238*	*12*	*19*	*7*	*13*	*289*
Other	0	0	0	0	0	0
TOTAL	**313**	**12**	**32**	**11**	**67**	**435**

Regarding Faurecia, the Company is also committed to enhancing occupational safety and working conditions and has consistently reduced the number of work-related accidents since 2003. Faurecia met its lost-time accident targets in 2014, i.e. 0.8 (the indicators have decreased threefold since 2009). This shows that Faurecia is now among the best industrial companies in the world. Faurecia has set 13 mandatory personal safety-related HSE (Health, Safety, Environment) rules. These rules have been implemented 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. Faurecia recorded 295 occupational illnesses in 2015.

Five priority commitments for preventing health and safety risks

Preventing Musculoskeletal Disorders

Preventing musculoskeletal disorders (MSDs) is a key workplace health and safety policy. MSDs are a leading cause of work-related injuries in the automotive industry.

The Group carried out a review of workstations that require repetitive movement at all manufacturing sites. Based on seven factors taken from the Ergonomics Management System (EMaS), this assessment identified the risk level for each profession and detected factors with the greatest potential to cause MSDs. Every year, action plans are set and implemented in all Group's facilities. The initiatives are conducted by multi-disciplinary teams made up of occupational physicians, safety engineers and technicians, ergonomists and managers.

In addition, a strategy to deal with discomfort in non-repetitive work stations has been rolled out in all Group sites.

The "Work-related Alerts" (ALT) process enables warning signs for MSD to be better detected.

In addition to this initiative, the Group is continuing to improve its workstations. Manufacturing sites focus on alleviating physical and postural stress by reducing the number of workstations rated as "heavy". This is taken into account from the design stage for products and processes and is based on a rigorous methodology for rating workstations. From 2005 to the end of 2015, the proportion of "heavy" work stations fell from 18% to 7%, while "light" work stations rose from 37% to 59%.

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 7,500 chemical products and substances at its R&D and manufacturing sites and more than 1,500 in its dealerships. CHEMA (Chemical Health Environment Management Application), the new approval and management application for chemical products, has been expanded to manufacturing sites in Europe, research laboratories and dealerships.

Instruction notices for all hazardous chemicals are posted at the relevant workstations. They are approved in accordance with PSA's protocol, whether for the manufacturing, research & development or sales businesses. The most hazardous products are rigorously monitored from a medical standpoint.

The Group's objective is for all companies to have an air quality monitoring plan for their manufacturing, R&D and sales activities.

Psychosocial risks

Preventing psychosocial risks (PSR) and, more generally, promoting well-being in the workplace are not only critical to keeping employees healthy and safe at work but also have a direct impact on the Company's performance. Starting in 2007, the Group decided to recognise psychosocial risks as job-related risks.

A company-wide agreement was signed in October 2009 and reissued in 2014 to implement a psychosocial risk prevention plan in all countries and all divisions. Stress levels and stress factors are evaluated through a programme to measure and monitor workplace stress. This programme, administered 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. The last survey conducted within the Group in 2015 among 12,913 employees revealed that 8.4% of employees are experiencing excess stress. This monitoring initiative also incorporates a business support structure: a network of correspondents, around 50 people, (site HR, occupational physicians, social workers, safety engineers) representing each site and division has been implemented to support managers in the prevention process. There are now responses for each risk factor identified within the Group.

Preventing road risks

As a car manufacturer, the Group naturally puts a high priority on road safety. In association with employee representatives, the Group adopted an occupational road risk prevention Code to provide employees with guidelines on how to use their cars when on business trips or commuting.

To increase compliance with safety guidelines during test drives conducted during the vehicle design phase, 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.

Work Station Safety: "STOP" Audits

The safety at work by preventive observation (STOP) programme has been in place at the Group's plants since 2009. Each month, working in pairs, managers carry out observations to control the STOP approach and solve risky situations in workshops. This programme trains managers, giving them the ability to detect high risk situations or dangerous behaviour, speak to the employee and have a positive discussion about prevention. This programme aims at achieving progress for both the manager and the employee.

Joint Management-Worker Health and Safety Agreements and Committees G.9

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices.

More than 97% of Group employees (excluding Faurecia) are represented by Joint Management-Worker Health and Safety Committees.

The Group is also committed to implementing the best workplace health and safety standards and practices. In contractual terms, Group policy as regards working conditions comes under the company agreements which set out the applicable provisions. In 2015, 19 health and safety agreements were signed.

2.4.4.2. IMPROVING WELL-BEING AND QUALITY OF LIFE AT WORK G.4

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

A team of around forty ergonomists reporting to Human Resources works on ensuring that the human factor is taken into account in the Group's organisational and manufacturing choices. In particular, this involves significant investment in workstation ergonomics.

To achieve a better work-life balance, multiple services are offered to employees: company concierge services, travel agents, bus services, carpooling intranet sites, etc. In 2015, 100 childcare places were offered in France.

Social service in the workplace is provided to all staff in France, through a network of 21 social workers employed within each tertiary or manufacturing site. This service is supplemented by on-site office and services throughout the country. Social services have also been set up in other countries with the same roles, such as Brazil, with two social workers employed at the Porto Real plant and a free advisory telephone line "Conte Comigo".

Community life is encouraged: over 80 sporting, cultural and charity associations are very active.

2,200 teleworkers in the Group

After an experimental two-year phase showing the positive impact of teleworking on working conditions and personal quality of life, especially with the reduction in commuting time, a teleworking agreement was signed through the New Social Contract. Thus, since January 2014 technicians, supervisors and managers (in France) can work from home one to two days a week.

In the digital age, teleworking is a performance lever for the Company, promoting employee motivation and commitment.

At end-2015, 1,880 employees in France opted for teleworking, representing 8% of those eligible for this new way of working. In addition, the agreement also includes teleworking for exceptional events such as one-off, unforeseeable situations or emergencies (bad weather, pandemics, transport strikes, etc.) under the decision of the facility Manager. This option was implemented for the first time in 2015.

On the first anniversary of its introduction in the Company, an in-house survey was conducted among teleworkers and their managers. Over 1,400 teleworkers and managers completed the survey. The results were shared with labour union representatives signatories of the "New Social Contract", at the annual teleworking evaluation. 100% of teleworkers and 97% of managers were satisfied and 94% of managers would recommend to another manager setting up teleworking in their department. 90% of teleworkers noticed a positive impact on their efficiency and saw teleworking as a mark of trust by their manager.

The Group makes a point of applying this best practice in other geographic areas where it operates. Teleworking is now in use in Belgium, Brazil, Argentina, Spain, Slovakia and the Czech Republic.

Part-time employees G.4

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

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	**2015**	**2,465**	**6,062**	**0**	**8,527**
	2014	3,198	6,905	1	10,104
	2013	2,824	8,000	2	10,826
o/w PCA France	***2015***	***2,047***	***0***	***0***	***2,047***
	2014	*2,480*	*0*	*0*	*2,480*
	2013	*2,555*	*0*	*0*	*2,555*
Faurecia	**2015**	**554**	**1,038**	**0**	**1,592**
	2014	598	1,086	0	1,684
	2013	614	938	0	1,552
Other	**2015**	**23**	**238**	**0**	**261**
	2014	137	397	0	534
	2013	100	440	0	540
TOTAL	**2015**	**3,042**	**7,338**	**0**	**10,380**
	2014	3,933	8,388	1	12,322
	2013	3,538	9,378	2	12,918

At 31 December 2015, the Group had 10,380 part-time employees worldwide (4,870 half-time); 40% of these were women and 60% were men.

Maternity and parental leaves G.4

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. PSA's policy is to encourage employees to return to work after taking maternity leave and to inform employees on the various parental leave options to encourage both fathers and mothers to take advantage of it.

NUMBER OF EMPLOYEES ON MATERNITY, PATERNITY AND PARENTAL LEAVE BY SOCIO-PROFESSIONAL CATEGORY
(Consolidated Group, at 31 December)

	Maternity leave				Paternity leave				Parental leave			
	Operators and Administrative Employees	Technicians and supervisors	Managers	Total	Operators and Administrative Employees	Technicians and supervisors	Managers	Total	Operators and Administrative Employees	Technicians and supervisors	Managers	Total
Automotive Division	483	346	267	1,096	1,317	323	354	1,994	263	189	84	536
o/w PCA France	*182*	*87*	*172*	*441*	*793*	*193*	*253*	*1,239*	*140*	*34*	*47*	*221*
Faurecia	944	184	323	1,451	789	149	363	1,301	356	164	133	653
Other	0	42	12	54	0	3	3	6	0	34	3	37
TOTAL	**1,427**	**572**	**602**	**2,601**	**2,106**	**475**	**720**	**3,301**	**619**	**387**	**220**	**1,226**

In 2015 in the Group, there were 2,601 periods of maternity leave, 3,301 periods of paternity leave and 1,226 periods of parental leave.

2.4.5. Diversity and equal opportunity

2.4.5.1. PROMOTING DIVERSITY FOR SOCIAL COHESION AND PERFORMANCE G.15

By signing precursor agreements with trade unions, the Group has made a public commitment and taken action to promote diversity, taking along stakeholders and employees.

An agreement on diversity and social cohesion signed on 8 September 2004 in France was renewed on 21 May 2015. It reaffirms PSA's intention to make diversity among its employees a source of added value and economic performance. By encouraging equal opportunity regardless of socio-demographic category (gender, age, ethnic origin, place of residence, disability, etc.) and founding its practices on objective criteria based on skills and results, the Company is determined to encourage the commitment and motivation of each employee.

PSA voluntarily formalised its actions in favour of diversity in its social dialogue. The agreement associates employee representatives through shared principles and ensures that commitments are fulfilled. The new agreement specifically focuses on young people employment, as well as mobility and career development within the Company so that operating procedures guarantee diversity, selection criteria objectivity and non-discrimination. It provides guidance so that communication and training make each employee aware of the role they have to play to counter intolerance towards difference. The Group respects privacy.

PSA diversifies its hiring channels, in particular in building partnerships with academic organisations and state employment services, developing online job offers and using social networks to reach a wider public. Furthermore, it works to ensure that no stages in the hiring process are discriminatory. A best practice guide is given to recruiters and a service agreement concluded with line managers involved in recruitment, setting out the assessment procedures. Candidates are selected objectively using tools such as the simulation recruitment method (MRS).

The Group contributes to the formulation of public policies put in place in various countries to promote diversity and prevent workplace discrimination. In 2009, in France, the PSA Peugeot Citroën was among the first French companies to obtain the Diversity label in recognition of the Group's human resources policy and best practice in promoting diversity, equal opportunity and preventing discrimination. This label is awarded after a demanding certification process conducted by AFNOR Certification via an on-site audit. It was re-issued in 2012 and audited in 2014. Similarly, in Spain, the Group was awarded the "Diversidad" label in 2009 and again in 2012 and 2015.

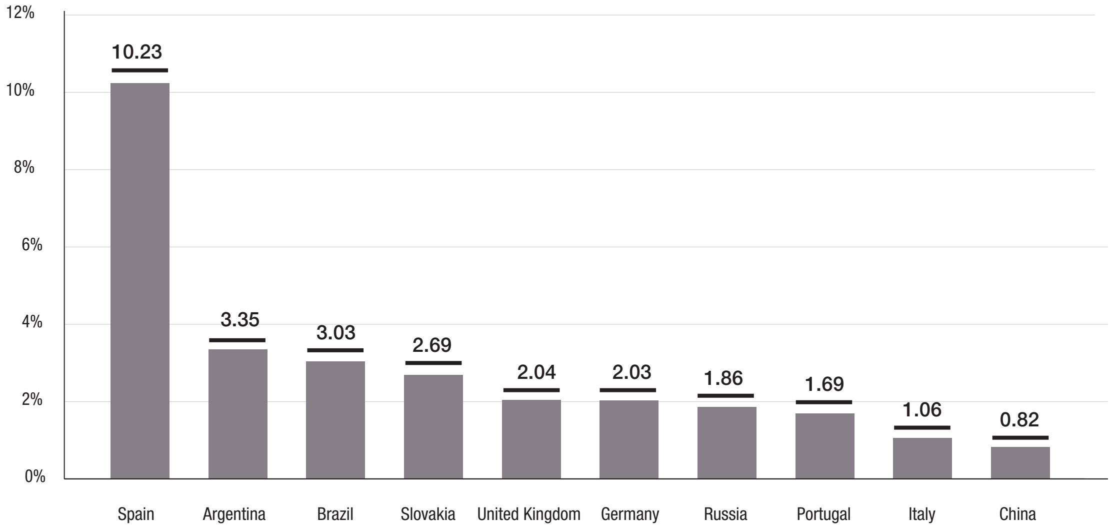
The Group has formalised its actions in favour of diversity in the Worldwide Diversity Commitment, which is shared across the Group and applicable in every host country. This is a guide comprising seven founding principles that provide an overall view of diversity and its challenges:

- formalise, implement and lead the Worldwide Diversity Commitment within the subsidiaries;
- inform employees;
- raise awareness and train Group employees in managing diversity;
- secure and objectify the human resource management process;
- encourage diversity, a source of synergy, social balance and business performance;
- monitor, assess and improve the implementation of the Worldwide Diversity Commitment;
- promote the Worldwide Diversity Commitment outside the Company.

This commitment aims to improve how diversity is taken into account within the Group and helps subsidiaries make progress in implementing and promoting diversity.

Top ten nationalities other than French

(Consolidated Group, excluding Faurecia, at 31 December – percentage of total workforce)



The Group's workforce represents 115 nationalities. The Group (excluding Faurecia) has over 33,308 non-French employees, i.e. 34% of employees. The top ten nationalities other than French represented in the workforce accounted for nearly 29% of the Group total (excluding Faurecia).

Preventing all forms of discrimination, bullying and violence in the workplace

The Group condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. This type of behaviour is liable to sanctions and specific measures have been set in every country to prevent it. Employees are informed about these policies and a large number of managers have participated in sensitivity campaigns.

Whistle-blowing schemes are in place for employees who experience or witness bullying, discrimination or violence in the workplace. Employees may also use the "bullying" and "diversity" email addresses to report a problem. This prompts the HR function to launch an internal investigation.

A standard tracking procedure aligned with the local legal framework has been introduced in every host country. In 2015, 64 cases of harassment, discrimination and violence in the workplace were identified and handled at Group level (excluding Faurecia).

2.4.5.2. GENDER EQUALITY G13

For the last ten years, PSA has pursued an assertive policy of promoting gender balance and gender equality in its workforce. The signing, on 26 August 2014, with all six representative trade unions in France, of a new agreement on gender equality, the fourth generation of an initial agreement signed in November 2003, shows that social dialogue is still fruitful and that the Group remains committed to this issue.

PSA was the first "equal opportunity" certified company in France in 2005. The renewal of this label on 16 December 2014 thus marks the Group's long-term commitment and ongoing progress. In Spain, the Equality label granted by the Ministry for Social Affairs and Equal Opportunity was awarded to PSA in 2013 and for the first time to its sales subsidiaries in 2015.

NUMBER OF FEMALE EMPLOYEES ON PERMANENT OR FIXED-TERM CONTRACTS BY SOCIO-PROFESSIONAL CATEGORY

See also Chapters 2.4 and 2.1 on female employment.

(Consolidated Group, at 31 December)

	Operators and administrative employees	Technicians and supervisors	Managers	Total
Automotive Division	8,177	5,687	3,715	17,579
o/w PCA France	*5,139*	*2,058*	*2,542*	*9,739*
Faurecia	16,771	3,172	4,023	23,966
Other	15	454	201	670
TOTAL	**24,963**	**9,313**	**7,939**	**42,215**

CHANGE IN THE PERCENTAGE OF WOMEN EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS

(Consolidated Group, at 31 December)

% women in the workforce	2013	2014	2015
Automotive Division	18.4%	18.4%	18.4%
o/w PCA France	*17.6%*	*17.7%*	*17.9%*
Faurecia	26.8%	27.4%	28.1%
Other	48.2%	48.6%	52.8%
TOTAL	**22.4%**	**22.8%**	**23.2%**

Women account for 21.3% of engineers and managers, 26.1% of technicians and supervisors and 22.9% of operators and administrative employees.

PERCENTAGE OF WOMEN MANAGERS UNDER PERMANENT OR FIXED-TERM CONTRACTS BY AGE GROUP

(Consolidated Group, at 31 December)

	Managers < 30 years old			Managers 30-39 years old			Managers 40-49 years old			Managers ≥ 50 years old			Total		
	Number of women	Total headcount	% of women	Number of women	Total headcount	% of women	Number of women	Total headcount	% of women	Number of women	Total headcount	% of women	Number of women	Total headcount	% of women
Automotive Division	202	625	32.3%	1,325	5,009	26.5%	1,484	7,711	19.2%	704	5,556	12.7%	3,715	18,901	19.7%
o/w PCA France	*107*	*371*	*28.8%*	*805*	*3,128*	*25.7%*	*1,085*	*5,464*	*19.9%*	*545*	*4,074*	*13.4%*	*2,542*	*13,037*	*19.5%*
Faurecia	1,089	3,910	27.9%	1,641	6,296	26.1%	955	4,841	19.7%	338	2,744	12.3%	4,023	17,791	22.6%
Other	15	22	68.2%	63	124	50.8%	64	186	34.4%	59	166	35.5%	201	498	21.3%
TOTAL	**1,306**	**4,557**	**28.7%**	**3,029**	**11,429**	**26.5%**	**2,503**	**12,738**	**19.6%**	**1,101**	**8,466**	**13.0%**	**7,939**	**37,190**	**21.3%**

The percentage of women managers for the Group as a whole is 21.3%, this ratio increases across generations. Women account for nearly 30% of managers under 30 years.

DIVERSITY IN SENIOR MANAGEMENT BY AGE GROUP

(Consolidated Group, excluding Faurecia, at 31 December)

	30-39 years old		40-49 years old		≥ 50 years old		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automotive Division	5	9	43	214	21	300	69	523
o/w PCA France	*5*	*7*	*37*	*157*	*18*	*248*	*60*	*412*
Other	2	1	3	23	4	37	9	61
TOTAL	**7**	**10**	**46**	**237**	**25**	**337**	**78**	**584**

The table above includes "executive managers" in charge of adapting and implementing the Group's strategy, policies and programmes and "senior managers" in charge of rolling them out. It does not include members of the Executive Committee.

In 2015, the proportion of female senior managers and executive managers was 12%.

Equal opportunity – challenges and commitments

Developing the gender balance and making more jobs open to women is a challenge for the Group, in terms of both its performance and its social cohesion. The Group's commitments are threefold:

- gender diversity in the professions: seen as a performance objective for the Group and part of its sustainable development approach, gender diversity in the professions needs to be stepped up. PSA, along with its partners, is working on making the automotive professions more attractive to women. Internal mobility should also help increase the gender balance within the Group's job families and professions;
- HR processes to guarantee equal opportunity: these have been shown to be effective, and must continue to be applied and monitored. They include monitoring compensation and promotion indicators in their comparison between men and women, and in particular when leaving on or returning from maternity leave or parental leave;
- access of women to higher levels of responsibility: applied to executives and senior managers, this objective is rolled out at all management levels and in all professional categories. This ongoing change is sustained over the long term by training and support measures since it is the means of reducing persistent gaps and a necessary condition for Group performance and the engagement of all employees.

2.4.5.3. ENCOURAGING PROFESSIONAL INSERTION G.15

Employing young people

In 2015, as part of its programme to bring young people into the workforce, the Group welcomed 3,849 work-study programme participants (work-study contracts include skills-acquisition and apprenticeship contracts and other types of contracts depending on the country). In addition, the Group welcomed 4,072 interns in 2015.

The programme is designed to ensure the training of its youngest employees and the transfer of knowledge and expertise between generations.

INTERNSHIPS AND WORK-STUDY CONTRACTS BY GENDER

(Consolidated Group)

	Interns *(Cumulative total through 2015)*			Work-study contracts *(At 31 December)*			*o/w skill-acquisition contracts*			*o/w apprenticeship contracts*		
	Women	Men	% of Women	Women	Men	% of Women	Women	Men	% of Women	Women	Men	% of Women
Automotive Division	675	1,506	31%	810	2,124	28%	128	513	20%	682	1,611	30%
o/w PCA France	*419*	*1,271*	*25%*	*616*	*1,317*	*32%*	*47*	*136*	*26%*	*569*	*1,181*	*33%*
Faurecia	627	1,245	33%	311	584	35%	103	93	53%	84	167	33%
Other	15	4	79%	15	7	68%	0	0	0	15	7	68%
TOTAL	**1,317**	**2,755**	**32%**	**1,136**	**2,715**	**29%**	**231**	**606**	**28%**	**781**	**1,785**	**30%**

Employing seniors

Keeping older employees (24% of the Group's workforce over 50 years old) in work and motivated is one of the Company's corporate social responsibility commitments. The aim is to ensure equal opportunity and fair treatment for all, including seniors.

The measures included in the PSA Generation Contract seek to consolidate the place of older employees in the Company, to better consider their experience as an advantage for the Group's success and the coexistence of the generations and knowledge transfer as an asset for social cohesion and economic efficiency.

Community initiatives

Aware that the location of residence can be a cause of isolation, lack of equal opportunity or even discrimination, the Group is a major player in social responsibility in its host communities and is committed to promoting equal opportunity and diversity within the company. In liaison with public and academic authorities, the Group implements targeted career guidance and professional insertion measures, through youth employment contracts and work-study contracts, specifically aimed at people having difficulty finding work.

In signing the *Entreprises et Quartiers* Charter (in France), PSA demonstrated its commitment to work alongside public authorities to support local economic and social development in neighbourhoods designated as disadvantaged in France's Urban Planning Policy.

2.4.5.4. HIRING DISABLED WORKERS G.14 G.37

The Group has 5,273 disabled employees worldwide. Disabled employee status is specified by various local laws. 77% of disabled employees are workers and employees, 15% are technicians or supervisors and 6% are managers.

PSA is committed to hiring and retaining disabled employees. In the Group's Automotive Division in France, 7.12% of employees are classified as disabled, i.e. 6% above the national legislation. This is solely achieved by maintaining people with disabilities in work. In addition, there are 2.98% sheltered workers under contract which bring the overall rate of disabled employees to 10.1%, considerably higher than the minimum legal thresholds.

For 15 years, the Group has been developing an assertive policy to retain, recognise and integrate disabled people, in particular through the signing of a number of agreements and organising initiatives worldwide. In France, the Group signed the fifth agreement on social and professional integration of the disabled on 10 March 2014, confirming its willingness to step up its commitments in this area.

This agreement is structured around four main areas of application:

- changing how we look at disability by raising awareness among employees throughout the year and by reinforcing the training of managers and trainers;
- promoting recognition of the status of disabled workers, by offering subsidies and guarantees to agreement beneficiaries in their personal and professional lives;
- taking action to integrate and retain disabled employees by supporting them and providing adjusted work solutions or specially adapted workstations;
- mobilising all those involved in coordinated management by improving awareness of the agreement and of measures in favour of the workers concerned (local disability correspondent, social service, medical service, HR function, management, employee representatives and employees) and by setting up preventive measures.

In France, expenditure on integrating disabled staff was €3.2 million. The Accessibility Diagnoses provide site inventories reports at all sites leading to undertaking priority investment actions.

"Disability Awareness Week" helps to better promote awareness of disabled workers throughout all working units (office facilities, R&D and plants).

Subcontracting with sheltered workshops is one aspect of the Group's agreement for the social and occupational inclusion of the disabled. For over 20 years, the Group has worked with the sheltered sector to source direct material (e.g. instrument panels, interior trim, pedals, etc.) and was the first company to purchase from this sector in France, representing a 2015 revenue in terms of value added purchases (revenue – cost of components and parts) of €33 million with 1,747 persons employed, including 1,726 in the industrial sector (see Section 2.3.1.2).

DISABLED EMPLOYEES

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automotive Division	**2015**	**4,843**	**394**	**7**	**5,244**
	2014	5,240	427	25	5,692
	2013	6,933	477	40	7,450
o/w PCA France	***2015***	***4,474***	***0***	***0***	***4,474***
	2014	*4,702*	*0*	*0*	*4,702*
	2013	*6,198*	*0*	*0*	*6,198*
Faurecia	**2015**	**1,116**	**1,228**	**186**	**2,530**
	2014	1,106	1,276	176	2,558
	2013	1,122	1,250	162	2,534
Other	**2015**	**12**	**17**	**0**	**29**
	2014	61	30	0	91
	2013	79	25	0	104
TOTAL	**2015**	**5,971**	**1,639**	**193**	**7,803**
	2014	6,407	1,733	201	8,341
	2013	8,134	1,752	202	10,088

2.4.6. Respecting human rights G.16 G.17 G.18 G.19 G.40

2.4.6.1. ENSURING RESPECT FOR HUMAN RIGHTS

PSA is committed to growth built on socially-responsible principles and practices, enforced in every host country and business around the world.

By abiding to the United Nations Global Compact in 2003, the Group pledged to uphold and promote its ten principles inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

In signing the Global Framework Agreement on Social Responsibility, PSA formalised its commitments to its stakeholders in a detailed and public manner, and shared its social requirements with suppliers, industrial partners and dealer networks. In this agreement, PSA undertakes to go beyond simply complying with local and national standards and to work within a framework for fundamental human rights. The agreement sets out the Group's commitments and refers to conventions 87, 135 and 98 of the International Labour Organisation (ILO) on freedom of association and protection of the right to organise, on workers' representatives, on the right to organise and to bargain collectively, conventions 29 and 105 on the abolition of forced labour, convention 138 on the abolition of child labour and the minimum age for admission to employment, convention 111 on preventing discrimination, convention 100 on equal remuneration and convention 155 on occupational safety and health (see Section 2.4.1).

The Group promotes the respect of human rights in every host country, even in regions where such respect is not always forthcoming. This public commitment is expressed in 14 languages to the public on the corporate website and to employees around the world on the human resources Intranet site (with a direct link to the Universal Declaration of Human Rights on the UN website).

Moreover, the Group actively supports employee freedom of association and representation around the world and is committed to respecting the independence and pluralism of trade unions. Active, on-going social dialogue is maintained with union representatives in every host country.

TRAINING ON HUMAN RIGHTS POLICIES AND PROCEDURES

(Consolidated Group, excluding Faurecia, at 31 December)

Areas	Number of hours	Number of employees	% of employees trained
Equal opportunity, diversity, anti-discrimination training	9,258	1,537	1.6%
Compliance with internal rules, global agreement, Code of Ethics, data privacy guidelines	8,365	7,034	7.3%
Corruption, conflicts of interest	1,258	863	0.9%
TOTAL	**18,881**	**9,434**	**9.7%**

In 2015, some 9,434 Group employees participated in dedicated training in Human Rights policies and procedures.

Some of the courses focus on issues related to employee's duties, such as anti-corruption rules, combating fraud, money laundering rules and compliance with competition law. A training course on "Managing diversity – Preventing discrimination" is provided to a large number of managers and Human Resources employees. Almost 3,500 people have completed this course since 2009. 30 training sessions were provided in France in 2015. Diversity and non-discrimination training is also provided in other countries such as Germany and Russia.

Faurecia also has a policy of respecting fundamental human rights. In 2004, it signed the United Nations Global Compact. In 2007, 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 International Labour Organisation's (ILO) core conventions.

Faurecia complies with national laws and regulations on child labour. It will not employ children under the age of sixteen, under any circumstances, and complies with the provisions of the ILO. Faurecia ensures that its suppliers and partners adopt the same standards.

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.

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 mandates held. Faurecia is also committed to promoting a policy of consultation and negotiation.

In its recruitment actions and career management, Faurecia actively supports non-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.

2.4.6.2. THE SOCIAL AUDIT, ENSURING THE APPLICATION OF THE GROUP'S SOCIAL POLICY

Social auditing on a global scale

On an international scale, PSA social policy is regularly monitored. The Group sees the social audit as a control tool to continuously improve processes, to ensure the application of its social policy. These audits are designed to ensure compliance with legal and regulatory requirements, contractual commitments and the Group social responsibility principles.

In 2015, application of PSA Global Framework Agreement on Social Responsibility was audited in the Group's subsidiary in Algeria. In addition, audits on the application of the agreement on diversity and social cohesion in the Company are carried out based on an audit grid. These audits lead to recommendations in light of the context and specificities of each subsidiary.

In 2015, 12 workplace safety audits were carried out in various Group operations at international level (plants, dealerships and technical centres) on the application of the Occupational Health and Safety Management System (SMST), supplementing checks on standards compliance in all facilities.

As a socially responsible company, PSA shares its social requirements with suppliers. Since 2008, 68 social and environmental audits have been performed at tier 1 to tier 3 suppliers identified as potentially at risk, as part of the implementation of the Purchasing Department's sustainable development action plan. These audits, carried out by an independent external body, lead to the implementation of corrective action plans if discrepancies are noted (See Section 2.3.1.3).

2.5. EXTRA-FINANCIAL PERFORMANCE OF PSA

2.5.1. Corporate social responsibility of PSA – Assessments

A number of socially responsible investment indices have included PSA in recognition of its sustainable development performance. Group performance as measured by these agencies is presented in the table below.

Index	Rating agency	Last assessment of PSA
FTSE4Good	EIRIS	PSA maintained in the FTSE4Good index ("automobile and parts").
EURONEXT vigeo	VIGEO: The Vigeo indices, introduced in late 2012, group together the listed companies with the best environmental, social, and governance (ESG) ratings. The indices are updated every six months.	PSA maintained in four indices World 120, Eurozone 120, Europe 120 and France 20. PSA was the only car manufacturer in the VIGEO World 120 index in December 2015.
Included in ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Europe	VIGEO	Continued listing in the Ethibel Sustainability Index (ESI) Excellence Europe
CDP CLIMATE DISCLOSURE LEADER 2014	Carbon Disclosure Project: The Carbon Disclosure Project rates companies' action concerning climate change issues, on the basis of a publicly disclosed methodology that changes each year.	PSA maintained in transparency leader index (CDLI). Awarded 100/100 for transparency and A- for performance. The average is 81/100 for transparency and C for performance.
Dow Jones Sustainability Indexes	RobecoSam	With a score of 86/100, PSA was awarded a Silver Class medal by RobecoSam for its sustainability performance. The average score for the automotive industry is 60/100.
Member 2013/2014 STOXX ESG LEADERS INDICES	Sustainalytics: The STOXX Global ESG Leaders index offers a representation of the leading global companies in terms of environmental, social and governance criteria.	PSA maintained in the STOXX® Global ESG Leaders.
Corporate Responsibility Prime rated by oekom research	Oekom Research, an independent German rating agency in sustainable development, awards the Prime rating to companies that are leaders in their sector.	PSA has retained B Prime status in the sustainable rating carried out by Oekom Research and is co-leader in the automotive industry.
2015 CSR Rating GOLD ecovadis	Ecovadis, an independent rating agency specialising in responsible purchasing.	PSA was awarded a Gold medal as a sustainable supplier.

The Group is also listed in the Corporate Knights Global 100 which ranks the 100 most sustainable companies worldwide: the Corporate Knights' 2016 Global 100 Most Sustainable Corporations in the World ranking was published in January 2016 and unveiled at the World Economic Forum in Davos.

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

2.5.2. Other awards and distinctions for CSR Group initiatives

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

- Confirmed by the National Commission in May 2015 following an audit carried out in September 2014, the Group has been certified under the Diversity label since 2009. This label recognises good human resources practices to promote diversity and equal opportunity and to prevent discrimination.

- Nominated for the Cercle Humania HR Innovation award on 1 October 2015 for its job families and professions approach, one of the Company's major performance challenges: developing skills and expertise related to the various jobs at PSA.

In Spain, PSA was awarded the following distinctions:

- Diversity label: renewed for the third consecutive time for 3 years (after an 18-month audit). This label means that PSA Spain is now included in the European Commission's Annual Diversity Report.
- Equality Label: first certification for sales subsidiaries and renewed certification for the Madrid and Vigo manufacturing plants. PSA Spain is now the group with the largest number of award-winning companies.
- 1st Prize in the most influential companies in Human Resources in 2015.
- 1st Prize in "Best initiatives and Talent Women at HR 2015".
- Socially responsible certification awarded by the Spanish Diversity Foundation: PSA Spain was one of 10 award-winners in 2015, according to an external evaluation to which all companies that have signed up (over 650) to the Spanish Diversity Charter are subjected.
- Workplace Health certification in 2015, in line with the criteria of the European Network for Workplace Health Promotion. PSA Spain is in the top 16 of Spanish award-winners. The first automotive company.
- Government Recognition Prize for the Group's initiatives to combat violence against women.
- Recognition Prize awarded by the Madrid Food Bank, for the participation of Peugeot Citroën Spain in the 2014 "Great Winter Collection", with contributions through car lending and food donations by employees.
- In 2014, the Alares Foundation awarded its National Prize for work-life balance and corporate responsibility in the large company category to PSA Spain, in respect of all activities (dealerships, BPF and plants). The first automotive company to have ever been honoured with a prize from the Alares Foundation.

2.6. INDEPENDENT VERIFIER'S REPORT ON THE REVIEW OF SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PUBLISHED IN THE MANAGEMENT REPORT

The Company has decided to seek an independent expert's opinion on the fair presentation of consolidated social, environmental and societal indicators included in the Management Report, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code. The firm Grant Thornton was appointed as an independent third party by Carlos Tavares, Chairman of the Managing Board, on 3 December 2015. Grant Thornton submitted its expert report to the Company's Managing Board on 24 February 2016. The conclusions of this report are presented below.

Report by an independent third-party body on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the independent third-party body's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2015

To the Shareholders,

In our capacity as professional accountants identified, appointed as independent third party and certified by COFRAC under number n° 3-1080[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2015, included in the management report (hereinafter named «CSR Information»), pursuant to article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Executive Board is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the «Guidelines»), summarised in the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics *(Code de déontologie)* of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- express a reasonable assurance conclusion that the information selected[2] by company has been established, in all material aspects, in compliance with the Guidelines.

Our work involved five persons and was conducted between November 2015 and December 2016 during a ten week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[3] concerning our conclusions on the fairness of CSR Information and the reasonable assurance.

(1) Whose scope is available at www.cofrac.fr.
(2) See page 5.
(3) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. ATTESTATION REGARDING THE COMPLETENESS OF CSR INFORMATION

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the chapter 2.7 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. CONCLUSION ON THE FAIRNESS OF CSR INFORMATION

Nature and scope of our work

We conducted around fifteen interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important(1):

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us(2) on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 25% of headcount and between 19% and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

(1) ***Social quantitative information:*** *number of employees under permanent or fixed-term contract by region, gender and age group; hiring for open-end contracts; breakdown of leavers under permanent contracts and dismissals; total management lost-time accident frequency rate (TF1 Management); severity rate; occupational illnesses; hours of training.*
Environmental quantitative information: *water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities; gross discharges into water from plants (COD, DBO5, MES); total weight of waste by type (foundry waste, non-hazardous waste, hazardous waste) and disposal method.*
Qualitative information: *"Purchasing: responsible purchasing policies for the entire supply chain"; "Combating global warning and adapting to the consequences of climate change"; "Preserving air quality"; "Measures taken by the Group to improve the efficient use of materials"; "Eco-design and life cycle analysis"; "Development of mobility and on board intelligence services"; "Consumer safety and protection"; "Ethical practices – anti-corruption"; "Partnerships and sponsors to promote regional and/or local community development".*

(2) ***For social and environmental information:*** *Française de Mécanique; Mulhouse; Poissy; Porto Real; Sept-fons; Vigo.*
For environmental information only: *Peugeot Carnaxide; Peugeot Oeiras; Peugeot RD Chelmsford; Peugeot RD Manchester.*

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

3. REASONABLE ASSURANCE ON A SELECTION OF ENVIRONMENTAL INFORMATION

Nature and scope of work

Regarding the information selected[1] by the company, we undertook work of the same nature as those described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected represents between 36% and 51% of quantitative environmental information selected.

We consider that this work allows us to express a reasonable assurance opinion on the information selected by company.

Conclusion

In our opinion, the information selected by the company has been established, in all material aspects, in compliance with the Guidelines.

Paris, February 24, 2016

Original French report signed by:
Independent third-party body

Grant Thornton
Membre français de Grant Thornton International

Alban Audrain
Partner

Gilles Hengoat
Partner

(1) ***Environmental quantitative information:*** *water use; overall energy consumption; scope 1 and 2 greenhouse gas emissions (GHG); VOC emissions from paint shop facilities.*

2.7. REPORTING SCOPE, METHODOLOGY AND CROSS-REFERENCE TABLES

2.7.1. Reporting scope

REGULATORY REFERENCES AND INTERNATIONAL STANDARDS

The social, environmental and societal information contained in this section fall within the remit of the provision of Articles L. 225-102-1 paragraph 5 of the French Commercial Code resulting from law No. 2010-778 of 12 July 2010 on the national environmental commitment (the "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 2015 CSR Report, published by the Group for its Automobile and Banking Divisions. The reported data concern the production plants (PCA), the R&D centres, the main office sites, the Peugeot, Citroën and DS proprietary dealership networks and the logistics platforms of companies fully consolidated within the Group.

This information is consolidated and is based on the parent company Peugeot S.A. as well as on all of its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies controlled within the meaning of Article L. 233-3 of the French Commercial Code.

Three of its subsidiaries (Faurecia, Crédipar – a BPF subsidiary – and PCA) are required to publish CSR information in their respective management reports. One of these, PCA, opted for the derogation on publishing CSR information in its own management report because its parent company already publishes detailed CSR information on it. The other two subsidiaries publish the required CSR information in their own management report. PSA publishes some detailed quantitative CSR information for Faurecia when analysing the Group's different activities.

ACTIVITIES INCLUDED IN REPORTING AND DEVELOPMENTS

Detailed social, environmental and societal data as well as information on sustainable development initiatives also covers:

- **the Automotive Divisions (production, research and development and tertiary facilities):**

  The "automotive" segment now includes the subsidiaries PCA, AP/AC, *Française de Mécanique*, SevelNord, manufacturing sites outside France, R&D facilities and tertiary facilities in France. Among the automotive subsidiaries, Only PCA has the obligation to publish its detailed environmental and social data. They are available in this Registration Document.

  Unless otherwise stated, Group policy applies to PCA. This relates to the following topics in particular: health and safety conditions in the workplace, organisation of social dialogue, especially procedures for informing, consulting and negotiating with personnel, and agreements signed with trade unions or employee representatives, the training policies implemented, anti-discrimination policy, measures taken in relation to the Group's local impact, partnerships and philanthropy initiatives, taking social and environmental issues into account in procurement policies.

  PCMA Automotiv RUS, located in Kaluga in Russia, a joint operation with Mitsubishi Motors Corp, is also included in the scope for social and environmental reporting, under "Automotive".

  Notable changes:

  - In 2014, SevelNord changed from a public limited company (S.A.) to a general partnership (SNC). Moreover, this company, previously classified under "Other Businesses" in the social reporting system, is now classified under "Automotive" for all CSR indicators,
  - *Française de Mécanique*, which was run as a joint operation with Renault up to 19 December 2013, the date on which the Group took control, is included in the reporting since 2014;
- **"Automotive trade" activities** include proprietary dealership network, training centres for network personnel, spare parts warehouses, regional offices and import subsidiary headquarters. The "automotive sales" companies are included under the "automotive" heading with respect to HR but are stated separately with respect to the environment;
- **the equipment subsidiary: Faurecia,** a listed company in which PSA has a 49,48% stake remains fully consolidated because Peugeot S.A. has retained control (63.21% of voting rights). In accordance with the legal provisions, Faurecia manages its business independently and therefore prepares and publishes its social, environmental and societal indicators in its own Registration Document;
- **"Other Businesses"** now comprise the Peugeot S.A. holding company and Banque PSA Finance (BPF). Notable changes:
  - PMTC France, PMTC Germany and PMTC Italy were sold during the period,
  - The social and corporate information published in the BPF Registration Document consolidates entities wholly owned by BPF at 31 December 2015. This methodology linked to the BPF consolidation rules, excludes the joint ventures created with Santander in 2015 from the reporting scope. These joint ventures are listed in the BPF management report. As BPF publishes its own CSR information in its management report, the parent company PSA is not required to list BPF's CSR data separately (see section Regulatory references and international standards).

In compliance with regulations, quantitative data were reported using cross-functional, comparable indicators when relevant.

EXCLUSIONS

The scope of reporting does not include subsidiaries jointly owned with other car manufacturers or cooperation ventures accounted for by the equity method, due to the lack of exclusive control:

- TPCA, located in Kolín in the Czech Republic, a joint operation with Toyota;
- DPCA, located in Wuhan, Hubei Province, China, a joint venture with DongFeng Motor Corp;

- CAPSA, located in Shenzhen, China, a joint venture with China Changan PSA Automobiles;
- Sevelsud, located in Val Di Sangro, Italy, a joint operation with Fiat.

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

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

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

Other items, including examples of actions undertaken, are described in greater detail in the CSR (Corporate Social Responsibility) publications for each of the entities. The Group's CSR policy and Faurecia's Registration Document notably describe the policy, commitments and results of the automobile, banking and equipment supply divisions.

2.7.2. Reporting methodology

ENVIRONMENTAL DATA REPORTING

The Group 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, biomass, steam and electricity, to power a certain number of processes, such as heat treatment, casting and paint curing, etc. 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 2 May be found in the 2015 CSR Report, which is available for downloading on the Group's website.

The environmental data of Banque PSA Finance account for a marginal proportion of the Group's emissions and consumption and are therefore no longer consolidated in this reporting but is listed in the BPF Management Report.

The Aulnay industrial site has been removed from the reporting scope since 2014 due to its being shut down in late 2013. Nevertheless, the Group continues to control the site's environmental impact.

Similarly, the PCI site in Saint Etienne is no longer consolidated following its disposal in 2015.

Note:

- some results for previous years have been 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%;
- the emissions factors taken into account to calculate emissions from fossil fuel energy consumption will now be updated every 5 years. This means that the parameters used to report the 2014 data are retained until 2018.

KEY

Automotive: Peugeot Citroën Automobiles S.A. operations in France (production plants, R&D centres, office facilities). Consolidation of automotive business relates to 34 sites including PCA France, PCA outside France, Sevel Nord and *Française de Mécanique*. The industrial site of *Française de Mécanique* has been consolidated since 2014.

PCA France: Peugeot Citroën Automobiles S.A. operations in France (production plants, R&D centres, office facilities). The scope of reporting for PCA France covered 26 sites.

Automotive trade: operations of the Peugeot and Citroën proprietary networks (Peugeot Citroën Retail dealerships, import subsidiary registered offices, spare parts warehouses, regional training centres and regional offices). The scope of reporting for the Automotive trade incorporates sites with at least 6 months' activity over the period (open before 1 May) but does not incorporate sites closed as at 31 October. Automotive trade thus incorporates 376 sites for 2015.

Other: BPF entities wholly owned by PSA, list available in the BPF management report.

Faurecia: Faurecia's equipment supply operations. Faurecia's scope of reporting covered 244 sites. Compared to 2014, 2 sites were included for the first time in the report and 9 were removed from the reporting scope.

The data presented 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.

SOCIAL REPORTING ON A GLOBAL SCALE

The Group consolidates and publishes indicators on its human resources management with three guidelines: transparency, completeness and quality of information. This social reporting process involves over 300 contributors from all the subsidiaries (33 countries), using interactive applications to compile data, led by a central team dedicated to this process.

The employee-relations indicators published comply with Article R. 225-105-1 of the "Grenelle 2 Act" and Global Reporting Initiative recommendations. They were produced for the subsidiaries as defined by Article L. 233-1 of the French Commercial Code and the companies controlled within the meaning of Article L. 233-3 of the French Commercial Code.

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 Group's divisions excluding Faurecia. The specific policies implemented by Faurecia are detailed in separate sections.

Additional information to that included in this document may be found in the 2015 document "2015 CSR Report" report and on the Group's corporate website.

THIRD-PARTY AUDIT

The process of collecting the consolidated social, environmental and corporate information from Peugeot S.A. published in this report, which meets the requirements of Articles L. 225-102-1 and R. 225-105 of the French Commercial Code, which are based on the "Grenelle 2 Act", was verified by an independent firm (Grant Thornton).

Faurecia commissioned an independent body, which audited the Company's quantitative and qualitative data in light of the Grenelle Act. Its findings were communicated to Grant Thornton, which included them in its auditor's report.

The firm attests to the presence of PSA's CSR information.

The certification on the content and accuracy of the information of Peugeot S.A. issued by the independent firm Grant Thornton is available in full in Chapter 2.6 of this Registration Document.

2.7.3. Cross reference table with required material in Article R. 225-105 of the French commercial code (application of Grenelle 2 legislation)

The items required by Article 225 of the Grenelle 2 Law are indicated in this report using the following icon: G.X

Expected by the decree	PSA codification of the 42 topics of Grenelle 2	2015 Registration Document (relevant sections)	Reporting status*
1° Personnel information			
a) Employment			
Total workforce	G.1a	2.4.2.1	
Employees by gender	G.1b	2.4.2.1	
Employees by age	G.1c	2.4.2.1	
Employees by region	G.1d	2.4.2.1	
Hirings	G.2a	2.4.2.1	
Dismissals	G.2b	2.4.2.1	
Compensation and changes therein	G.3	2.4.3.5	
b) Work arrangements			
Organisation of working hours	G.4	2.4.2.2	
Absenteeism	G.5	2.4.2.2	
c) Employee relations			
Organisation of employer-employee communications, especially procedures for informing, consulting and negotiating with personnel	G.6	2.4.1	
Summary of labour agreements	G.7	2.4.1	
d) Health and safety			
Health and safety conditions in the workplace	G.8	2.4.4.1	
Summary of agreements signed with unions or employee representatives regarding workplace health and safety	G.9	2.4.4.4	
Workplace accidents, particularly their frequency and severity, along with occupational diseases	G.10	2.4.4.3	
e) Training			
Policies put into practice with regard to training	G.11a	2.4.3.2/2.4.3.3	
Means put into practice with regard to training	G.11b	2.4.3.2/2.4.3.4	
Total number of hours of training	G.12	2.4.3.2	
f) Non-discrimination			
Measures taken to ensure equality between men and women	G.13	2.4.5.2	
Measures taken to ensure the hiring and integration of handicapped persons	G.14	2.4.5.4	
Anti-discrimination policy	G.15	2.4.1/2.4.2.1/2.4.5.1/2.4.5.3	
g) Promotion and observance of the core conventions of the International Labour Organisation relative			
To respect for freedom of association and the right to collective bargaining	G.16	2.4.1/2.4.6	
To the elimination of discrimination in terms of hiring and occupation	G.17	2.4.1/2.4.6	
To the elimination of forced or obligatory labour	G.18	2.4.1/2.4.6	
To the effective abolition of child labour	G.19	2.4.1/2.4.6	
2° Environmental information			
a) General environmental policy			
The organisation of the Company so as to take environmental questions into consideration	G.20	2.2.1/2.2.2	

Expected by the decree	PSA codification of the 42 topics of Grenelle 2	2015 Registration Document (relevant sections)	Reporting status*
Environmental assessment or certification initiatives	G.20	2.2.1	
Actions taken to train and inform employees about protection of the environment	G.21	2.2.2	
Resources committed to prevent environmental risks and pollution	G.22	2.2.1/2.2.1.1/2.2.1.1.1/2.2.1.2/2.2.1.3.2/2.2.2	
The amount of the provisions and warranties made for environmental risks, provided this information is not of a nature that might be seriously adverse to the Company in a current legal dispute	G.23	2.2.2	
b) Pollution and waste management			
Measures to prevent, reduce or repair emissions into the air, water or ground that seriously affect the environment	G.24	2.2.1.2/2.2.1.3.1/2.2.1.3.2/2.2.2/2.2.2.1/2.2.2.2.2/2.2.2.4.2	
Measures to prevent, recycle or eliminate waste	G.25	2.2.1.3.2/2.2.2.3.2	
The handling of sound pollution or any other form of pollution specific to an activity	G.26	2.2.1.3.2/2.2.2.2.3/2.2.2.5	
c) Sustainable use of resources			
Water consumption and sourcing in light of local constraints	G.27	2.2.2.4.1	
Consumption of raw materials and measures taken to use them more efficiently	G.28	2.2.1.3.1/2.2.1.3.2/2.2.2.3.1	
Consumption of energy, measures taken to improve energy efficiency and use of renewable energy	G.29	2.2.1.1.1/2.2.2.1.1	
Use of land	G.30	2.2.2.2.2	
d) Climate change			
Greenhouse gas emissions	G.31	2.2.1.1.2/2.2.2.1.2	
Adaptation to the consequences of climate change	G.32	2.2.1.1/2.2.1.1.1/2.2.1.3.2/2.2.1.4/2.2.2.1.2	
e) Protection of biodiversity			
Measures taken to preserve or develop biodiversity	G.33	2.2.2.5	
3° Information relating to corporate sustainability efforts			
a) Local, economic and social impact of the Company's business			
On employment and regional development	G.34	2.3.1.1/2.3.1.2/2.4.3.5	
On neighbouring or local residents	G.35	2.3.3	
b) Relationships maintained with equal employment opportunity groups, educational institutions, environmental protection groups, consumer groups and neighbouring communities			
How the Company communicates with these persons or groups	G.36	2.1.2	
Support, partnerships and philanthropy provided	G.37	2.3.1.2/2.3.3/2.4.5.4	
c) Subcontractors and suppliers			
Consideration given to social and environmental issues in purchasing policies	G.38	2.3.1.1	
The importance of subcontracting and the inclusion in subcontractor and supplier relationships of their social and environmental responsibility	G.39	2.3.1.1/2.3.1.3	
d) Fair operating practices			
Actions undertaken to prevent corruption	G.40	2.3.4/2.4.1/2.4.6	
Measures taken benefiting the health and safety of consumers	G.41	2.2.1.2/2.2.1.3.1 2.2.1.4/2.3.2	
e) Other actions undertaken relating to this Article			
Measures taken in favour of human rights	G.42	2.3.1.3/2.4.1	

** The reporting status indicates a response by the Group to each of the 42 Grenelle topics and the coverage rate for this response among the relevant subsidiaries.*

= the Group has responded to the Grenelle topic and the response covers 100% of subsidiaries required to published detailed information.

= the Group has responded but it does not cover the entire scope subject to this requirement.

= the Group has not responded to the Grenelle topic and has explained why not (n/a).

3

CORPORATE GOVERNANCE

3.1. 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.

3.1.1. Information about the management and supervisory bodies

Changes to the membership of the Managing Board and Supervisory Board during 2015

There were no changes to the membership of the Managing Board during 2015. Changes to the membership of the Supervisory Board are presented in Section 3.2.1.1.1 on page 119.

3.1.1.1. THE MANAGING BOARD AND EXECUTIVE COMMITTEE

Members of the Managing Board

Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's by-laws, or by the Shareholders' Meeting, in accordance with French company law.

The Group's Executive Management

The Executive Committee is responsible for the Group's executive management. Its members are listed in Section 1.3 above.

Information about current Managing Board members

CARLOS TAVARES

First appointed to the Managing Board: 1 January 2014

Current term expires: 2017 (4-year term)

Portuguese national

Born 14 August 1958

Business address:
PSA
75 avenue de la Grande-Armée
75116 Paris
France

Chairman of the Managing Board of Peugeot S.A.

Other directorships and positions as of 31 December 2015	Listed company	Group company
Director of BANQUE PSA FINANCE		√
Director of FAURECIA	√	√
Chairman of the Board of Directors, PEUGEOT CITROËN AUTOMOBILES S.A.		√
Manager of a bed & breakfast micro-enterprise in Lisbon		

Other directorships and positions in the past five years:

- Chief Operating Officer of RENAULT and member of the Managing Board of the RENAULT-NISSAN Alliance
- Director of RENAULT NISSAN B.V.
- Director of PCMA HOLDING B.V.
- Director of AVTOVAZ
- Director of ALPINE-CATERHAM
- Chairman of the Management Committee of NISSAN AMERICAS
- Executive Vice-President, Planning, NISSAN MOTOR COMPANY

Relevant expertise and professional experience:

After graduating from École Centrale de Paris, Carlos Tavares held various management positions within the Renault Group between 1981 and 2004, before joining the Nissan Group to lead operations in the Americas region. In 2011, he was named Chief Operating Officer of the Renault Group, a position he held until 2013. He joined the Peugeot S.A. Managing Board on 1 January 2014, becoming the Board's Chairman on 31 March 2014.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,000 shares.

JEAN-BAPTISTE CHASSELOUP DE CHATILLON

First appointed to the Managing Board: 13 March 2012

Current term expires: 2017 (4-year term)

French national

Born 19 March 1965

Business address:
PSA
75 avenue de la Grande-Armée
75116 Paris
France

Member of the Managing Board of Peugeot S.A.

Chief Financial Officer and Executive Vice-President, Information Systems

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman of the Board of Directors, BANQUE PSA FINANCE		√
Director of AUTOMOBILES CITROËN		√
Permanent representative of Peugeot S.A. on the Board of Directors of AUTOMOBILES PEUGEOT		√
Director of FAURECIA	√	√
Vice-Chairman and Chief Executive Officer of PSA INTERNATIONAL S.A.		√
Director of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD		√
Director of CHANGAN PSA AUTOMOBILES CO. LTD		√
Vice-Chairman of the Supervisory Board of GEFCO S.A. *		
Chairman of MISTER AUTO		√
Chairman of CARONWAY		√
Chairman of A.S.M. Auto Sud Marché S.A.S.		√

* *Affiliate of PSA.*

Other directorships and positions in the past five years:

- Director of PEUGEOT CITROËN AUTOMOBILES S.A.
- Director of PCMA HOLDING B.V.
- Chairman of the Supervisory Board of PEUGEOT FINANCE INTERNATIONAL N.V.
- Director of GEFCO
- Member of the Board of COMITÉ DES CONSTRUCTEURS FRANÇAIS AUTOMOBILES (CCFA)
- Permanent representative of CCFA on the Board of Directors of AUTO MOTO CYCLE PROMOTION

Relevant expertise and professional experience:

A graduate of Université Paris Dauphine and Lancaster University (United Kingdom), Jean-Baptiste Chasseloup de Chatillon held various management positions within the Group before becoming Group Financial Controller in 2007. He has been a member of the Peugeot S.A. Managing Board since 2012. He is currently Chief Financial Officer and Executive Vice-President, Information Systems, with additional responsibility for Replacement Parts & Services and the Proprietary Dealer Network, and Chairman of Banque PSA Finance (BPF).

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,593 shares and 1,005 equity warrants.

Number of units in the PSA Employee Stock Ownership Fund as of 31 December 2015: 768 units.

GRÉGOIRE OLIVIER

First appointed to the Managing Board: 6 February 2007

Current term expires: 2017 (4-year term)

French national

Born 19 October 1960

Business address:
PSA 3rd Floor, Building 2
1528 Gunei Road
Shanghai Cahoejing
Hi-Tech Park
200 233 – Shanghai
China

Member of the Managing Board of Peugeot S.A.

Executive Vice-President, China and ASEAN

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman and Chief Executive Officer of PEUGEOT CITROËN (China) AUTOMOTIVE TRADE CO.		√
Vice-Chairman of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD		√
Vice-Chairman of CHANGAN PSA AUTOMOBILES CO. LTD		√
Executive Vice-President of PSA (Shanghai) Management Co. Ltd		√

Other directorships and positions in the past five years

- Director of PCMA HOLDING B.V.

Relevant expertise and professional experience:

Grégoire Olivier, a graduate of École des Mines de Paris engineering school and École Polytechnique, has 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 2001. He was named Chairman and Chief Executive Officer of Faurecia in 2006 and then joined PSA in 2007 as Executive Vice-President of the Automobile Programmes and Strategy Department and member of the Managing Board. He is currently Executive Vice-President, China and ASEAN.

Number of Peugeot S.A. securities owned as of 31 December 2015: 7,125 shares and 4,500 equity warrants.

JEAN-CHRISTOPHE QUÉMARD

First appointed to the Managing Board: 13 March 2012

Current term expires: 2017 (4-year term)

French national

Born 30 September 1960

Business address:
PSA
75 avenue de la Grande-Armée
75116 Paris
France

Member of the Managing Board of Peugeot S.A.

Executive Vice-President, Middle East and Africa

Other directorships and positions as of 31 December 2015	Listed company	Group company
Permanent representative of Automobiles Peugeot on the Board of Directors of TUNISIENNE AUTOMOBILE FINANCIÈRE IMMOBILIÈRE ET MARITIME (STAFIM)		√

Other directorships and positions in the past five years:

- Director of BMW PEUGEOT CITROËN ELECTRIFICATION
- Chairman of the Board of Directors of GM PSA PURCHASING SERVICES
- Director of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD
- Director of PCMA HOLDING B.V.
- Director of IFPEN (2015)
- Executive Vice-President of PSA Programmes

Relevant expertise and professional experience:

Jean-Christophe Quémard is a graduate of École des Mines de Saint-Étienne and École du Pétrole et des Moteurs. After joining PSA in 1986, he held various positions, in particular in the Automobile Platforms and Technologies Department, where he was named Director. Appointed to the Expanded Executive Committee and named Vice-President Purchasing in 2008, he became a member of the Executive Committee in 2009. He was appointed Executive Vice-President, Programmes in September 2010. He has been a member of the Peugeot S.A. Managing Board since 2012. Since [1] September 2014, he has been Executive Vice-President, Middle East and Africa.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,771 shares.

Number of units in the PSA Employee Stock Ownership Fund as of 31 December 2015: 1,305 units.

In accordance with the recommendations set out in paragraph 19 of the AFEP-MEDEF Corporate Governance Code, Managing Board members systematically consult the Supervisory Board before agreeing to become a corporate officer of any listed company outside the Group.

3.1.1.2. THE SUPERVISORY BOARD

Information about the current members of the supervisory board

LOUIS GALLOIS

First elected to the Supervisory Board: 12 February 2013

Current term expires: 2018 (4-year term)

French national

Born 26 January 1944

Business address:
PSA
75 avenue de la Grande-Armée
75116 Paris
France

Chairman of the Supervisory Board of Peugeot S.A.

(Independent Member)

Member of the Appointments, Compensation and Governance Committee

Member of the Strategy Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
President of Fédération Nationale des Associations d'Accueil et de Réinsertion Sociale		
Co-Chairman of La Fabrique de l'Industrie		

Other directorships and positions in the past five years:

- General Commissioner for Investment
- Member of the Supervisory Board of MICHELIN
- Executive Chairman of EADS
- Chairman of Fondation de la Cité des Sciences et des Technologies (Villette Entreprises)
- Director of École Centrale de Paris

Relevant expertise and professional experience:

A graduate of the HEC business school and École Nationale d'Administration with a post-graduate degree in Economic Science, Louis Gallois began his career in the French Treasury Department. He subsequently became Chief of Staff for Jean-Pierre Chevènement at the Ministry of Research and Technology then at the Ministry of Research and Industry (1981-1982) before serving as Head of the Industry Department (1982-1986) then Chief of Staff at the Ministry of Defence (1988-1989). From 1992 to 1996, he held the position of Chairman and Chief Executive Officer at Aerospatiale. After serving as President of SNCF-French Railways from 1996 to 2006, he was Executive Chairman of EADS (2006-2012) as well as President and Chief Executive Officer of Airbus (2006-2007). From June 2012 to April 2014 he served in the French government as General Commissioner for Investment. Since April 2014, he has been Chairman of the Supervisory Board of PSA and, since 2011, has co-chaired La Fabrique de l'Industrie, a think tank that fosters discussion on challenges facing the industry and its future. Louis Gallois has also been President of Fédération Nationale des Associations d'Accueil et de Réinsertion Sociale (FNARS) since June 2012.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,065 shares.

BRUNO BÉZARD

First elected to the Supervisory Board: 29 April 2014

Current term expires: 2018 (4-year term)

French national

Born 19 May 1963

Business address:
Ministère des Finances
139 rue de Bercy
75572 Paris Cedex 12
France

Vice-Chairman of the Supervisory Board of Peugeot S.A.

Representative of the French State
Member of the Appointments, Compensation and Governance Committee
Member of the Strategy Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Head of the French Treasury (Ministry of Finance/Ministry of the Economy)		
Director of ENGIE (representative of the French State)	√	

Other directorships and positions in the past five years:

- Head of Public Finances (Ministry of Finance/Ministry of the Economy)
- Head of the Regional Economic Office in Beijing

Relevant expertise and professional experience:

Bruno Bézard graduated from École Polytechnique and from École Nationale d'Administration, in the Michel de Montaigne class of 1988. He is a senior civil servant with the title of Inspecteur Général des Finances. He previously served as Head of the Housing and Regulated Savings Department (1994-1998), then Deputy Director of the Insurance Unit in the French Treasury Department (1998-2000), Deputy Chief of Staff for Minister of the Economy, Finance and Industry Christian Sautter (2000), Deputy Director of the French Treasury's Debt, Development and Emerging Markets Department (2000-2001), Advisor on Economic and Financial Affairs to Prime Minister Lionel Jospin (2001-2002), then Head of the French Treasury's Investments Office (2002-2003). Appointed Deputy Managing Director of Agence des Participations de l'Etat (APE) in 2003, he served as Managing Director from 2007 to 2010, when he became Minister-Counsellor for Economic and Industrial Affairs and Head of the Regional Economic Office in Beijing. He was appointed Head of Public Finances in August 2012 and Head of the French Treasury in July 2014.

Number of Peugeot S.A. securities owned as of 31 December 2015: None.

MARIE-HÉLÈNE PEUGEOT RONCORONI

First elected to the Supervisory Board: 2 June 1999

Current term expires: 2018 (4-year term)

French national

Born 17 November 1960

Business address:
FFP
66 avenue de Charles de Gaulle
92200 Neuilly-sur-Seine
France

Vice-Chairman of the Supervisory Board of Peugeot S.A.

Permanent representative of Établissements Peugeot Frères on the Supervisory Board of Peugeot S.A.
Member of the Appointments, Compensation and Governance Committee
Member of the Asia Business Development Committee

Mme Marie-Hélène Peugeot Roncoroni:

Other directorships and positions as of 31 December 2015	Listed company	Group company
Vice-Chairman and Director of FFP	√	
Director of SAPAR		
Director and Chief Operating Officer of ÉTABLISSEMENTS PEUGEOT FRÈRES		
Director of ASSURANCES MUTUELLES DE FRANCE		
Director of ESSO SAF	√	
Director of LISI	√	
Director and Vice-Chairman of the PSA PEUGEOT CITROËN Corporate Foundation		
Director of INSTITUT DIDEROT		

Other directorships and positions in the past five years:

- Member of the Supervisory Board and Finance Committee of Peugeot S.A.
- Permanent representative of SAPAR on the Board of Directors of IMMEUBLES DE FRANCHE-COMTÉ
- Permanent representative of SOCIÉTÉ ASSURANCES MUTUELLES DE FRANCE on the Board of Directors of AZUR – GMF MUTUELLES D'ASSURANCES ASSOCIÉES
- Member of the Supervisory Board of ONET S.A.

Relevant expertise and professional experience:

Marie-Hélène Peugeot Roncoroni, a graduate of Sciences Po Paris, began her career in an international audit firm before holding positions in Corporate Finance, Industrial Relations and human resources within the Group. She currently serves as Director and Vice-President of FFP, Director and Chief Operating Officer of Établissements Peugeot Frères, and as Director of SAPAR, Assurances Mutuelles de France, ESSO SAF, LISI and Institut Diderot.

Établissements Peugeot Frères (EPF):
Other directorships and positions as of 31 December 2015: None.

Other directorships and positions in the past five years: None.

Number of Peugeot S.A. securities owned by Marie-Hélène Peugeot Roncoroni as of 31 December 2015: 1,070 shares.

Number of Peugeot S.A. securities owned by EPF as of 31 December 2015: 22,312,608 shares.

ZHU YANFENG

First elected to the Supervisory Board: 4 June 2015

Current term expires: 2019 (4-year term)

Chinese national

Born 21 March 1961

Business address:
Special no. 1 Dongfeng Road
Wuhan Economic and Technology Development Zone
Wuhan
Hubei Province
China

Vice-Chairman of the Supervisory Board of Peugeot S.A.

Permanent representative of Dongfeng Motor (Hong Kong) International Co. Ltd (DMHK) as of 15 December 2015 (previously a Member of the Supervisory Board from 4 June to 15 December 2015)
Member of the Appointments, Compensation and Governance Committee
Member of the Strategy Committee

M. Zhu Yanfeng:

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman of DONGFENG MOTOR CORPORATION		
Chairman and Member of the Appointments Committee of DONGFENG MOTOR GROUP CO. LTD	√	
Chairman of DONGFENG MOTOR COMPANY. LTD		
Chairman of DONGFENG HONDA AUTOMOBILE CO. LTD		
Chairman of DONGFENG RENAULT AUTOMOBILE CO. LTD		
Chairman of DONGFENG PEUGEOT CITROËN AUTOMOBILES CO. LTD (DPCA)		√
Chairman of DONGFENG PEUGEOT CITROËN AUTOMOBILES SALES CO. LTD (DPCS)		√

Other directorships and positions in the past five years: None.

Relevant expertise and professional experience:

A graduate of Zhejiang University with a Masters in Control Engineering from Harbin Institute of Technology, Zhu Yanfeng started his career in 1983 at the FAW Group where he held a variety of key positions, including Director of the foreign trade and import-export subsidiary, Chief Executive Officer of FAW Car Co., Ltd and Chief Executive Officer of China FAW Group Corporation. In addition, Zhu Yanfeng has held numerous state-appointed positions in China FAW Group Corporation as well as in the province of Jilin. From December 2007 to May 2015, he occupied several posts in the Jilin provincial government, most notably as Vice-Governor. Since 6 May 2015, Zhu Yanfeng has been the Chairman and Party Secretary at Dongfeng Motor Corporation, and Chairman of Dongfeng Motor Group and Dongfeng Motor (Hong Kong) International Co. He has also been an alternate member of the Central Committee since 2002.

DMHK:
Other directorships and positions as of 31 December 2015: None.

Other directorships and positions in the past five years: None.

Number of Peugeot S.A. securities owned by Zhu Yanfeng as of 31 December 2015: None.

Number of Peugeot S.A. securities owned by DMHK as of 31 December 2015: 110,622,220 shares.

PATRICIA BARBIZET

First elected to the Supervisory Board: 24 April 2013
Current term expires: 2017 (4-year term)
French national
Born 17 April 1955
Business address:
Artémis
12 rue François-I[er]
75008 Paris
France

Member of the Supervisory Board of Peugeot S.A.
(Independent Member)
Chairman of the Finance and Audit Committee
Member of the Asia Business Development Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chief Executive (non-corporate officer) and member of the Supervisory Board of FINANCIÈRE PINAULT S.C.A. *		
Chief Executive Officer and Director of ARTÉMIS S.A. *		
Vice-Chairman of the Board of Directors of KERING *	√	
Chairman and Chief Executive Officer of CHRISTIE'S INTERNATIONAL PLC *		
Director of FNAC S.A.	√	
Permanent representative of ARTÉMIS on the Board of Directors of SEBDO LE POINT *		
Non-Executive Director of KERING HOLLAND N.V. *		
Director of YVES SAINT-LAURENT S.A.S. *		
Permanent representative of ARTÉMIS on the Board of Directors of AGEFI *		
Member of the Management Board of SC VIGNOBLE CHATEAU LATOUR *		
Director of PALAZZO GRASSI *		
Director of TOTAL	√	
Chairman of the Supervisory Board of PONANT HOLDING *		

* *Kering Group companies, or companies belonging to the group owned by Kering's majority shareholder, Financière Pinault/Artémis.*

Other directorships and positions in the past five years:

- Director of AIR FRANCE-KLM
- Director of FONDS STRATÉGIQUE D'INVESTISSEMENT
- Member of the Supervisory Board of GUCCI GROUP N.V.
- Director of BOUYGUES
- Director of TF1
- Non-Executive Director of TAWA PLC
- Chief Operating Officer and Director of SOCIÉTÉ NOUVELLE DU THÉÂTRE MARIGNY
- Director of FNAC S.A.

Relevant expertise and professional experience:

After graduating from École Supérieure de Commerce de Paris in 1976, Patricia Barbizet began her career with Renault as treasurer of Renault Véhicules Industriels and later as Chief Financial Officer of Renault Crédit International. She joined the Pinault Group in 1989 as Chief Financial Officer. In 1992, she became Chief Executive Officer of Artémis, and then, in 2004, Chief Executive Officer of Financière Pinault. She was Chairman of the Supervisory Board of the Pinault Printemps Redoute (PPR) Group up to May 2005, when she became Vice-Chairman of the Board of Directors of PPR (Kering). She is also a Director of Total and FNAC. She has been Chairman and Chief Executive Officer of Christie's International Plc since January 2015 and Chairman of the Supervisory Board of Compagnie du Ponant Holding since October 2015.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,000 shares.

PAMELA KNAPP

First elected to the Supervisory Board: 31 May 2011
Current term expires: 2017 (6-year term)
German national
Born 8 March 1958
Business address:
PSA
75 avenue de la Grande-Armée
75116 Paris
France

Member of the Supervisory Board of Peugeot S.A.
(Independent Member)
Member of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Director of COMPAGNIE DE SAINT-GOBAIN	√	
Director of HKP AG		
Director of PANALPINA AG	√	

Other directorships and positions in the past five years:

- Member of the Managing Board of GFK SE
- Director of MONIER HOLDINGS S.C.A.

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. From 2009 until October 2014, she was Chief Financial Officer, responsible for Finance, Financial Controlling and Accounting, Personnel and Administration at GfK SE.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,588 shares.

JEAN-FRANÇOIS KONDRATIUK

First elected to the Supervisory Board: 24 April 2013

Current term expires: 2018 (4-year term)

French national

Born 24 March 1950

Business address:
Peugeot Citroën Automobiles S.A.
45 rue J.-P.-Timbaud
78300 Poissy
France

Member of the Supervisory Board of Peugeot S.A.

Member representing employees *
Member of the Strategy Committee
Member of the Asia Business Development Committee

* *Appointed pursuant to Article L. 225-79-2 of the French Commercial Code.*

Positions held within the Group as of 31 December 2015:
- Methods engineer at the Poissy assembly unit
- Director of the PSA PEUGEOT CITROËN corporate foundation

Other directorships and positions as of 31 December 2015: None.

Other directorships and positions in the past five years:

- Employee representative
- Union representative (Force Ouvrière) at the PCA Poissy plant
- Employee representative on the Health, Safety and Working Conditions Committee
- Secretary of the European Works Council

Relevant expertise and professional experience:

Since joining the Group in 1970, Jean-François Kondratiuk, who holds a high school diploma in sciences, has been a methods engineer in charge of special projects in the Methods Department at the Poissy production plant. He has served as employee representative, trade union representative (Force Ouvrière) at the PCA Poissy plant, employee representative on the Health, Safety and Working Conditions Committee and Secretary of the European Works Council. He resigned from these positions when he was appointed as employee representative on the Supervisory Board by the European Works Council in June 2014.

Number of Peugeot S.A. securities owned as of 31 December 2015: 10 shares.

Number of units in the PSA Employee Stock Ownership Fund as of 31 December 2015: 77 units.

LIU WEIDONG

First elected to the Supervisory Board: 29 April 2014

Current term expires: 2018 (4-year term)

Chinese national

Born 13 October 1966

Business address:
Special no. 1 Dongfeng Road
Wuhan Economic and Technology Development Zone
Wuhan
Hubei Province
China

Member of the Supervisory Board of Peugeot S.A.

(Appointed on the recommendation of Dongfeng)
Chairman of the Asia Business Development Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Vice-Chairman of the Board of Directors of DONGFENG PEUGEOT CITROËN AUTOMOBILES COMPANY LTD (DPCA)		√
Chief Operating Officer of DONGFENG MOTOR CORPORATION		
Non-Executive Director of DONGFENG MOTOR GROUP CO. LTD	√	
Chairman of DONGFENG ELECTRIC VEHICLE CO. LTD		
Chairman of DONGFENG GETRAG TRANSMISSION CO. LTD		
Chairman of DONGFENG HONGTAI HOLDINGS GROUP CO. LTD		
Director of CHINA AUTO LIGHTWEIGHT TECHNOLOGY INSTITUTE CO. LTD		
Chairman of CHINA DONGFENG MOTOR INDUSTRY IMP. & EXP. CO. LTD		
Vice-Chairman of DONGFENG YUEDA QIYA AUTO CO. LTD		
Chairman of DONGFENG XIAOKANG AUTO CO. LTD		

Other directorships and positions in the past five years:

- Chief Executive Officer of DONGFENG MOTOR GROUP CO. LTD PASSENGER VEHICLE
- Chief Executive Officer of DCPA

Relevant expertise and professional experience:

Liu Weidong graduated from Wuhan Institute of Technology (now Wuhan University of Technology) with a major in automobile technology. He joined the leaf spring plant of Second Automotive Works (the predecessor of Dongfeng Motor Corporation) as an engineer in 1988. He went on to hold executive positions in various Dongfeng Group companies. From July 2011 to May 2014, he was Chief Executive Officer of Dongfeng Passenger Vehicle Company. He has been a director of Dongfeng Peugeot Citroën Automobiles Company Limited and Chief Operating Officer of Dongfeng Motor Corporation since July 2011. Liu Weidong is also currently Chairman of Dongfeng Electric Vehicle Co. Ltd, Dongfeng GETRAG Transmission Co. Ltd and Dongfeng Hongtai Holdings Group Co. Ltd. In addition, he sits on the Board of Directors of China Auto Lightweight Technology Institute Co. Ltd.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,000 shares.

ROBERT PEUGEOT

First elected to the Supervisory Board: 6 February 2007

French national

Born 25 April 1950

First elected as advisor to the Supervisory Board of FFP: 29 April 2014

Current term expires: 2018 (4-year term)

Business address:
FFP
66 avenue de Charles de Gaulle
92200 Neuilly-sur-Seine
France

Permanent representative of FFP on the Supervisory Board of Peugeot S.A.

Chairman of the Strategy Committee
Member of the Finance and Audit Committee

Robert Peugeot:

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman and Chief Executive Officer of FFP	√	
Director of FAURECIA	√	√
Member of the Supervisory Board of HERMÈS INTERNATIONAL	√	
Director of ÉTABLISSEMENTS PEUGEOT FRÈRES		
Director of SOFINA	√	
Director of IMERYS	√	
Director of HOLDING REINIER S.A.S. *		
Director of DKSH AG *	√	
Managing Director of S.A.R.L. CHP GESTION		
Managing Director of SC RODOM		
Permanent representative of FFP; Chairman of FFP INVEST *		
Permanent representative of FFP INVEST; Chairman of the Supervisory Board of FINANCIÈRE GUIRAUD S.A.S. *		
Permanent representative of FFP INVEST on the Board of Directors of SANEF *		

* *Company included in the FFP investment portfolio (held through FFP Invest).*

Other directorships and positions in the past five years:

- Permanent representative of FFP INVEST on the Supervisory Board of ZODIAC AEROSPACE
- Member of the Supervisory Board of Peugeot S.A.
- Director of SANEF
- Member of the Supervisory Board of IDI EMERGING MARKETS S.A.
- Permanent representative of FFP INVEST on the Supervisory Board of IDI EMERGING MARKETS S.A. (2015)

Relevant expertise and professional experience:

After graduating from École Centrale de Paris and INSEAD, Robert Peugeot held various executive positions within the Group. From 1998 to 2007, he was Vice-President, Innovation & Quality, and a member of the Group's Executive Committee. Since 2003, he has been Chairman and Chief Executive Officer of FFP.

FFP:

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman of FFP Invest *		

* *FFP Invest is a director of SEB S.A., Zodiac Aerospace, IDI, Orpea, FFP – Les Grésillons, Valmy – FFP, Financière Guiraud SAS, LT Participations and IPSOS.*

Number of Peugeot S.A. securities owned by Robert Peugeot as of 31 December 2015: 1,000 shares.

Number of Peugeot S.A. securities owned by FFP as of 31 December 2015: 67,372,689 shares.

HENRI PHILIPPE REICHSTUL

First elected to the Supervisory Board: 23 May 2007

Current term expires: 2017 (4-year term)

Brazilian national

Born 12 April 1949

Business address:
Rua dos Pinheiros, 870
20° Andar – cjs. 201 –
CEP 05422-001 São Paolo
Brazil

Member of the Supervisory Board of Peugeot S.A.

(Independent Member)
Member of the Strategy Committee
Member of the Asia Business Development Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Director of BRF – Brazilian Food	√	
Director of SEMCO PARTNERS		
Director of REPSOL YPF S.A.	√	
Director of LATAM AIRLINES GROUP	√	
Chairman of the Supervisory Board of FIVES GROUP		

Other directorships and positions in the past five years:

- Director of FOSTER WHEELER
- Director of GAFISA
- 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. securities owned as of 31 December 2015: 325 shares.

GEOFFROY ROUX DE BÉZIEUX

First elected to the Supervisory Board: 23 May 2007

Current term expires: 2017 (4-year term)

French national

Born 31 May 1962

Business address:
Notus Technologies
2 bis rue de Villiers
92300 Levallois-Perret
France

Member of the Supervisory Board of Peugeot S.A.

Senior Independent Member
Chairman of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chairman of NOTUS TECHNOLOGIES		
Director of PARROT S.A.	√	
Chairman of CREDIT.FR		
Vice-Chairman, Treasurer and member of the MEDEF Bureau		

Other directorships and positions in the past five years:

- Chairman of OMEA TELECOM (VIRGIN MOBILE)
- Vice-Chairman of the Supervisory Board of SELOGER.COM

Relevant expertise and professional experience:

After graduating from the ESSEC business school, Geoffroy Roux de Bézieux held various positions at L'Oréal from 1986 to 1996. He was Founder-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 in 2000 and Chief Operating Officer in 2003, a position he held until 2006. From 2006 to 2014 he was Founder-Chairman of Omea Telecom (Virgin Mobile) and is now Chairman of the investment company Notus Technologies.

Number of Peugeot S.A. securities owned as of 31 December 2015: 1,000 shares.

ANNE VALLERON

First elected to the Supervisory Board: 24 April 2013

Current term expires: 2017 (4-year term)

French national

Born 1 July 1953

Business address:
PSA
The Vélizy Technical Centre
Route de Gisy
78943 Vélizy-Villacoublay
Cedex
France

Member of the Supervisory Board of Peugeot S.A.

Member representing employee shareholders
Member of the Appointments, Compensation and Governance Committee
Member of the Finance and Audit Committee

Positions held within the Group as of 31 December 2015:

- Project leader in the Research & Development Department (DRD)
- Chairman of the Supervisory Board of the PSA Employee Stock Ownership Fund

Other directorships and positions as of 31 December 2015:
Vice-Chairman and Director of CETIM (Centre d'Etudes des Techniques et Industries Mécaniques)
Advisor to the Ile-de-France Economic and Social Council
President of the management employees section of the Nanterre Labour Tribunal (Conseil des Prud'hommes)
General Secretary of the CFE CGC trade union group for the Hauts-de-Seine département

Other directorships and positions in the past five years:

- Representative of the CFE CGC trade union on the La Garenne facility's Works Council and employee representative for this facility
- Union representative (CFE-CGC) at the La Garenne facility
- Union representative (CFE-CGC) for Peugeot Citroën Automobiles

Relevant expertise and professional experience:

A graduate of the École Centrale de Lyon engineering school, Anne Valleron began her career in 1976 with Automobiles Citroën. After holding positions in diesel engine research and development, she was first promoted to the position of XU Petrol Engine Department head and then to EW engine project manager. She is currently involved in project management with the Research and Development Department. In 2015, she obtained an Executive Director Certificate from Institut Français des Administrateurs (IFA) in partnership with Sciences Po.

Number of Peugeot S.A. securities owned as of 31 December 2015: 500 shares.

Number of units in the PSA Employee Stock Ownership Fund as of 31 December 2015: 2,529 units.

FLORENCE VERZELEN

First elected to the Supervisory Board: 29 April 2014

Current term expires: 2018 (4-year term)

French national

Born 28 February 1978

Business address:
Engie
1 place Samuel-de-Champlain
92930 Paris La Défense
France

Permanent representative of SOGEPA on the Supervisory Board of Peugeot S.A.

Member of the Finance and Audit Committee
Member of the Asia Business Development Committee

Florence VERZELEN:

Other directorships and positions as of 31 December 2015	Listed company	Group company
Chief Operating Officer of ENGIE Europe and Chief Executive Officer of ENGIE Russia		
Director of STORENGY DEUTSCHLAND		

Other directorships and positions in the past five years:

- Procurement Performance Plan Director and Deputy Procurement Director of ENGIE (2015)

Relevant expertise and professional experience:

After graduating from École Polytechnique and École des Mines, Florence Verzelen joined the Project Finance Department of Société Générale Investment Banking in New York. She then moved to the European Commission, working in the Directorate General for Trade and then the Directorate General for Competition, before joining the staff of the junior minister for European Affairs, in charge of industrial and trade matters. Florence Verzelen joined the Engie Group (GDF Suez) in 2008. She was responsible for mergers and acquisitions from 2008 to 2010, and then headed the subsidiary in Qatar from 2010 to 2013. From 2013 to 2015, she was Procurement Performance Plan Director and Deputy Procurement Director. Since 2015, she has been Chief Operating Officer of Engie Europe, in charge of operations, business development and innovation, and Chief Executive Officer of Engie Russia.

SOGEPA

Other directorships and positions as of 31 December 2015: None.

Other directorships and positions in the past five years: None.

Number of Peugeot S.A. securities owned by Florence Verzelen as of 31 December 2015: None.

Number of Peugeot S.A. shares owned by SOGEPA as of 31 December 2015: 110,622,220 shares.

FRÉDÉRIC BANZET

First elected as advisor to the Supervisory Board: 29 July 2014

Current term expires: 2018 (4-year term)

French national

Born 16 September 1958

Business address:
FFP Investment UK Ltd
2 Duke Street
London WIU JEH
United Kingdom

Advisor to the Supervisory Board of Peugeot S.A.

(Appointed on the recommendation of FFP/EPF)

Other directorships and positions as of 31 December 2015	Listed company	Group company
Senior Partner and member of Executive Management at FFP and Advisor to the Board of Directors	√	
Permanent representative of FFP Investment on the Supervisory Board of ZODIAC AEROSPACE	√	
Director of Établissements Peugeot Frères		
Director and Chairman of FFP UK INVESTMENT LTD		
Director of IDI EMERGING MARKETS		

Other directorships and positions in the past five years:

- Director of FFP
- Director of AUTOMÓVEIS CITROËN
- Director of CITROËN BELUX
- Permanent representative of AUTOMOBILES CITROËN as Chairman of AUTOMÓVEIS CITROËN
- Chairman and Chief Executive Officer of AUTOMOBILES CITROËN
- Director of CHANGAN PSA AUTOMOBILES CO. LTD
- Director of AUTOMÓVILES CITROËN ESPAÑA S.A.
- Director of CITROËN UK LTD
- Director of BERI ITALIA S.R.L.
- Member of the Supervisory Board of PEUGEOT CITROËN UKRAINE
- Permanent representative of AUTOMOBILES CITROËN on the Board of BANQUE PSA FRANCE
- Member of the Supervisory Board of CITROËN NEDERLAND B.V.
- Director of CITROËN SVERIGE AB
- Member of the Supervisory Board of CITROËN POLSKA SP ZOO

Relevant expertise and professional experience:

Frédéric Banzet holds a law degree and is a graduate of ISTEC and Harvard Business School. He held various positions within the Group, spending eight years as part of the Corporate Finance team in France and abroad (including four years as Chief Operating Officer of PSA Finance UK, London). He also held the position of Head of Asia-Pacific Operations Peugeot, before moving to Citroën as Head of International Affairs then Head of Sales and Marketing, Europe. He was Chief Executive Officer of the Citroën brand from 2009 until June 2014. In September 2014, he joined FFP's executive management team.

Number of Peugeot S.A. securities owned as of 31 December 2015: None.

AYMERIC DUCROCQ

First elected as advisor to the Supervisory Board: 28 July 2015

Current term expires: 2019 (4-year term)

French national

Born 19 January 1979

Business address:
Ministère des Finances
et des Comptes Publics
Ministère de l'Économie,
de l'Industrie et du Numérique
Agence des Participations
de l'État
139 rue de Bercy
75572 Paris Cedex 12
France

Advisor since 28 July 2015

(Appointed on the recommendation of SOGEPA)

Other directorships and positions as of 31 December 2015	Listed company	Group company
Head of Industrial Shareholdings at the French Ministry of Finance, Agence des Participations de l'État (APE)		
Director of STX France		
Director of ODAS		

Other directorships and positions in the past five years:

- Head of Transport Infrastructure – Audiovisual Sector at the French Ministry of Finance, Agence des participations de l'Etat (APE)
- Alternate Executive Director for France at the International Monetary Fund (IMF)
- Director of SFTRF
- Director of ATMB
- Member of the Supervisory Board of ARTE France
- Member of the Supervisory Board of Aéroports de Nice
- Member of the Supervisory Board of Aéroports de Marseille
- Member of the Supervisory Board of Aéroports de Lyon
- Member of the Supervisory Board of the Port of Dunkirk
- Member of the Supervisory Board of the Port of Marseille

Relevant expertise and professional experience:

Aymeric Ducrocq, a graduate of Sciences Po Paris and École Nationale d'Administration, started his career as Deputy Head of official development assistance and multilateral development institutions in the Treasury Department of the French Ministry of Finance. In 2008, he joined the International Monetary Fund in Washington D.C. as an Alternate Executive Director for France. In September 2011, he was appointed to the French State's shareholdings agency Agence des Participations de l'Etat (APE) where he has served as Head of Industrial Shareholdings since July 2014.

Number of Peugeot S.A. securities owned as of 31 December 2015: None.

WEI WENQING

First elected as advisor to the Supervisory Board: 28 July 2015

Current term expires: 2019 (4-year term)

Chinese national

Born 7 May 1963

Business address:
Special no. 1
Dongfeng Road
Wuhan Economic and
Technology Development
Zone
430056
Hubei Province
China

Advisor since 28 July 2015

(Appointed on the recommendation of Dongfeng)

Other directorships and positions as of 31 December 2015	Listed company	Group company
Vice-President of Strategy at DFM		

Other directorships and positions in the past five years:

- Chief Operating Officer of two brands for Dongfeng Citroën at DPCA

Relevant expertise and professional experience:

Wei Wenqing graduated from Huazhong University with a Masters in Science and Technology Management and from Wuhan University of Science and Technology with a Doctorate in Management. He began his career as a preparation technician at Dongfeng Motors in 1983. From 1995 to 2014, he was head of the quality unit, director of the paint workshop, Chief Superintendent of Executive Management, Director of the Industrial and Manufacturing Department, Chief Operating Officer in charge of the Dongfeng-Citroën brand and Chief Operating Officer of two brands at Dongfeng Peugeot Citroën Automobiles. Since June 2014, he has been Vice-President of Strategy at Dongfeng Motors Group.

Number of Peugeot S.A. securities owned as of 31 December 2015: None.

Managing Board members who stepped down in 2015

Xu Ping

First elected to the Supervisory Board: 29 April 2014.

Vice-President of the Supervisory Board of Peugeot S.A. until 6 May 2015.

Dominique Reiniche

First elected to the Supervisory Board: 25 April 2012.

Member of the Supervisory Board of Peugeot S.A. until 15 December 2015.

For more information about the membership and practices of the Supervisory Board, please refer to Section 3.2.

3.1.2. Disclosures on the situation of members of the Managing Board and Supervisory Board

FAMILY RELATIONSHIPS

Marie-Hélène Peugeot Roncoroni, Robert Peugeot and Frédéric Banzet are cousins. There are no family ties among the other Supervisory Board or Managing Board members.

CONFLICTS OF INTERESTS

The corporate officers have declared that no conflict of interest arose during fiscal 2015 between their obligations to Peugeot S.A. and their personal interests or other obligations, and that none existed at the date of this Registration Document.

In February 2016, the Supervisory Board reviewed possible business relationships between corporate officers and the Group. On the recommendation of the Appointments, Compensation and Governance Committee, the Supervisory Board concluded that these business relationships were not material (for further details, please refer to Section 3.2, page 119).

The Company was informed that on 23 April 2014, certain Managing Board members (Jean-Baptiste de Chatillon and Grégoire Olivier) agreed, along with the other members of the Peugeot family group, to hold their Peugeot S.A. shares for the minimum period required to qualify for the tax exemption provided for in the Dutreil Act (for further details, please refer to Section 7.3, page 296). Their commitment concerned 10 Peugeot S.A. shares. The Appointments, Remuneration and Governance Committee ensured that, prior to entering into this commitment and in light of the consultation issued by legal counsel, such actions did not conflict with the corporate interest and were not likely to have particular consequences for the relevant members of the Managing Board or for the governance of the Company. The Supervisory Board was duly informed.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

The Internal Rules of the Supervisory Board include rules designed to prevent conflicts of interests (for further details, please refer to Section 3.2, page 119).

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.

STATEMENTS BY MEMBERS OF THE MANAGING BOARD AND SUPERVISORY BOARD

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 in bankruptcy, receivership or liquidation 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.

3.1.3. 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 in the Company's securities by corporate directors and officers and their close relatives were declared:

Type of transaction	Name and position	Type of transaction	Securities concerned	Unit price	Transaction amount
15/12/2014	Louis Gallois (Chairman of the Supervisory Board);	Purchase	Equities	€9.83	€8,889
18/02/2015	FFP (member of the Supervisory Board)	Sale	Stock options	€7.37	€86,884,497
18/02/2015	EPF (member of the Supervisory Board)	Sale	Stock options	€7.37	€28,774,560
24/03/2015	EPF (member of the Supervisory Board)	Sale	Stock options	€8.56	€8,288,113
24/03/2015	FFP (member of the Supervisory Board)	Sale	Stock options	€8.56	€76,596,547
31/07/2015	SAPAR, Marie-Hélène Peugeot Roncoroni (permanent representative of EPF on the Supervisory Board)	Purchase	Shares	€18.25	€1,496,746
03/08/2015	FFP (member of the Supervisory Board)	Sale	Equity warrants	€4.11	€20,756,030
03/08/2015	EPF (member of the Supervisory Board)	Sale	Equity warrants	€4.11	€21,431,412
04/08/2015	EPF (member of the Supervisory Board)	Sale	Equity warrants	€4.14	€13,194,617
04/08/2015	FFP (member of the Supervisory Board)	Sale	Equity warrants	€4.14	€12,778,809
30/09/2015	Jean-Christophe Quémard (member of the Managing Board)	Purchase	Shares	€7.50	€2,340

3.2. REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON CORPORATE GOVERNANCE AND INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

In accordance with Article L. 225-68 of the French Commercial Code, the report on corporate governance and risk management procedures was approved by the Supervisory Board on 23 February 2016.

3.2.1. Corporate governance

The Company refers to the AFEP-MEDEF Corporate Governance Code, which was revised in November 2015, as applicable to French joint stock companies with a Managing Board and Supervisory Board. This Code can be consulted on the following website: http://www.medef.com/

The Group has applied all recommendations of the AFEP-MEDEF Code, except for a few recommendations of the Code which were not implemented. These are presented in the summary table in Section 3.2.1.3 along with the related explanations.

3.2.1.1. COMPOSITION OF THE SUPERVISORY BOARD

3.2.1.1.1. A balanced composition

Changes in 2015-2016

The table below summarises the changes that took place within the Supervisory Board in 2015 up to 23 February 2016.

Effective date	Description of the change
4 June 2015	Co-option of Zhu Yanfeng as a member of the Supervisory Board and Vice-Chairman to replace Xu Ping
28 July 2015	Appointment of Aymeric Ducrocq and Wei Wenqing as Advisors to the Supervisory Board
15 December 2015	Co-option of Dongfeng Motor (Hong Kong) International Co. Ltd. (DMHK) as a member of the Supervisory Board to replace Zhu Yanfeng. Appointment of Zhu Yanfeng as Permanent Representative of that company to the Supervisory Board and, as such, appointment as Vice-Chairman of the Supervisory Board. Resignation of Dominique Reiniche as a member of the Supervisory Board
23 February 2016	Appointment of Catherine Bradley as a member of the Supervisory Board to replace Dominique Reiniche

Current membership

At 23 February 2016, the membership of the Supervisory Board was well balanced and consisted of the following fourteen members:

- six members appointed upon the proposal from each of the three main shareholders: two for the French Government (via SOGEPA), two for the Peugeot family (comprised of Établissements Peugeot Frères, hereinafter "EPF", and FFP) and two for Dongfeng (via Dongfeng Motor (Hong Kong) International Co., Ltd, hereinafter "DMHK"), and the title of Vice-Chairman was given to three of the members appointed by each of these shareholders;
- six independent members, including the Chairman of the Supervisory Board and an Senior Independent Member;
- one employee representative and one employee shareholder representative.

This composition is derived from the shareholders' agreement signed on 28 April 2014 between three reference shareholders and the Company.

Members of the Supervisory Board are appointed for a four-year term (apart from Pamela Knapp, whose six-year term had already begun when the by-laws were modified in 2011).

Members of the Supervisory Board	Date of first appointment	Term of office expiry date	Age	Independent according to the AFEP-MEDEF Code	Main function	Committee membership	Attendance at Board meetings	Attendance at Committee meetings
Louis GALLOIS	12/02/2013	2018 AGM	72	√	Chairman of the Supervisory Board of PSA	Strat. Comm., ACGC	100%	100%
Bruno BÉZARD (French Government representative – Art. 139 of the New Economic Regulations Law (Loi NRE)	29/04/2014	2018 AGM	52		Head of the French Treasury	Strat. Comm., ACGC	67%	45%
Marie-Hélène PEUGEOT RONCORONI Permanent Representative of EPF	02/06/1999	2018 AGM	55		Chief Operating Officer of Établissements Peugeot Frères	ACGC, Asia BD Committee	100%	100%
ZHU Yanfeng Permanent Representative of DMHK	04/06/2015	2018 AGM	55		Chairman of Dongfeng Motor Corporation	Strat. Comm., ACGC	100%	100%
Patricia BARBIZET(1)	24/04/2013	2017 AGM	60	√	CEO of Christie's International plc	FAC (Chmn.), Asia BD Committee	83%	100%
Catherine BRADLEY	23/02/2016	2016 AGM	56	√	Independent Director (FCA)	FAC	N/A in 2015	N/A in 2015
Pamela KNAPP	31/05/2011	2017 AGM	58	√	Independent Director	ACGC, FAC	100%	100%
Jean-François KONDRATIUK Employee representative *(appointed under Art. L. 225-79-2 of the French Commercial Code)*	24/04/2013	2018 AGM	66		Employee	Strat. Comm, Asia BD Committee	100%	87.5%
LIU Weidong *(appointed on the proposal of Dongfeng)*	29/04/2014	2018 AGM	49		Deputy General Manager of Dongfeng Motor Corporation	Asia BD Committee (Chmn.), FAC	100%	100%
Robert PEUGEOT Permanent representative of FFP	06/02/2007	2017 AGM	65		Chairman and Chief Executive Officer of FFP	Strat. Comm. (Chmn.), FAC	100%	100%
Henri Philippe REICHSTUL	23/05/2007	2017 AGM	66	√	Director at several companies	Strat. Comm, Asia BD Committee	83%	100%
Geoffroy ROUX de BÉZIEUX Senior Independent Member	23/05/2007	2016 AGM	53	√	Chairman of Notus Technologies	ACGC (Chmn.), FAC	100%	80%
Anne VALLERON Employee shareholder representative (appointed under Art. L. 225-71 of the French Commercial Code)	24/04/2013	2017 AGM	62		Employee	ACGC, FAC	100%	100%
Florence VERZELEN Permanent representative of SOGEPA (appointed on the proposal of the French Government)	29/04/2014	2017 AGM	38		COO of Engie Europe and CEO of Engie Russia	FAC (Chmn.), Asia BD Committee	100%	100%
CORPORATE GOVERNANCE INDICATORS				50%(2)			93%(3)	93%(3)

AGM: Annual General Meeting; Strat. Comm.: Strategy Committee; ACGC: Appointments, Compensation and Governance Committee, FAC: Finance and Audit Committee; Asia BD Comm.: Asia Business Development Committee; Chmn: Chairman.

(1) Patricia Barbizet will resign from the Supervisory Board at the end of the Shareholders' Meeting of 27 April 2016. It has been suggested that Helle Kristoffersen be appointed as her successor. Information related to Helle Kristoffersen is presented in the notice of meeting, which can be downloaded from the Shareholders Section of the PSA Group website (www.psa-peugeot-citroen.com).

(2) Employee representatives and employee shareholders are not taken into account to establish this percentage (AFEP-MEDEF Code, Article 9.2).

(3) Attendance rate including the attendance rates of Xu Ping (100% at Board and Committee meetings) and Dominique Reiniche (67% at Board meetings and 80% at Committee meetings), former members who left the Board in 2015.

Senior Independent Member

The Senior Independent Member has been appointed from among the independent members and has, according to the Internal Rules of the Supervisory Board, the following powers and prerogatives:

- calling and chairing meetings of the independent members of the Supervisory Board on operational matters of the Board and to convey its conclusions to the Chairman of the Supervisory Board;
- notifying the Chairman of the Supervisory Board of any conflict of interest it has identified which could affect the deliberations of the Board;
- taking note of the significant governance concerns of shareholders not represented on the Supervisory Board and ensuring that they are addressed;
- reporting on the performance of his or her duties to the Supervisory Board and, where applicable, to the Shareholders' Meeting.

In 2015, one meeting of the independent members of the Supervisory Board was held. At that meeting, the independent members came to the following conclusions:

- the Board's operating procedures were more flexible and effective and the information provided to the members of the Board was of good quality;
- the voices of the independent members of the Board were respected;
- the Chairman of the Board did an excellent job of presiding over meetings;
- the concerns of shareholders not represented on the Board, as they were reported by the Secretary of the Board and the Financial Communications Department, were treated with respect by the Board and were to be regularly referred to the Senior Independent Member of the Board, together with a report on the ownership structure.

Employee representatives and employee shareholders

The employee representative was appointed by the Group's European Committee in accordance with Article L. 225-79-2 of the French Commercial Code and the by-laws (Article 10.I B). A representative of employee shareholders was appointed by the Shareholders' Meeting on the proposal of the Supervisory Boards of the corporate mutual funds, in accordance with the provisions of Article L. 225-71 of the French Commercial Code and the by-laws (Article 10.I C).

In 2015, Anne Valleron was awarded the Company Director Certificate by the Institut Français des Administrateurs. In 2016, Jean-François Kondratiuk will also take "Employee Representive Director" training with that organisation.

Advisor to the Supervisory Board

Under the terms of the shareholders' agreement to which the Company is party, each of the three reference shareholders may apply to have a non-voting advisor attend the meetings of the Supervisory Board. The Peugeot family had exercised this option in 2014. In July 2015, the French Government and Dongfeng also used this option to increase the number of advisors on the Supervisory Board from one to three. In accordance with the Internal Rules of the Supervisory Board, the non-voting advisors are appointed by the Supervisory Board for a term of four years.

In accordance with the law, meetings of the Supervisory Board are also attended by one non-voting member of the Peugeot S.A. Works Council.

Advisor to the Supervisory Board	Date of first appointment	Term of office expiry date	Age	Independent according to the AFEP-MEDEF Code	Attendance at Board meetings
Frédéric BANZET (Appointed on the proposal of the Peugeot family)	SB 29/07/2014	2018 AGM	57		100%
Aymeric DUCROCQ (appointed on the proposal of the French Government)	SB 28/07/2015	2019 AGM	37		100%
WEI Wenqing (appointed on the proposal of Dongfeng)	SB 28/07/2015	2019 AGM	52		100%

3.2.1.1.2. Independence of Board members

As stated in the Internal Regulations of the Supervisory Board, "*members of the Supervisory Board represent all shareholders and must always act in the corporate interests of the Company. Each member of the Supervisory Board shall strive to ensure that their analysis, judgement, decision-making and action are independent, to benefit the Company's interest. They agree not to seek out or to accept any benefit likely to undermine this independence*".

Following preparatory work by the Appointments, Remuneration and Governance Committee, the Supervisory Board reviewed the position of each of its members with regard to the independence criteria selected by the Company (Article 9.4. of the AFEP-MEDEF Code) at its meeting on 23 February 2016:

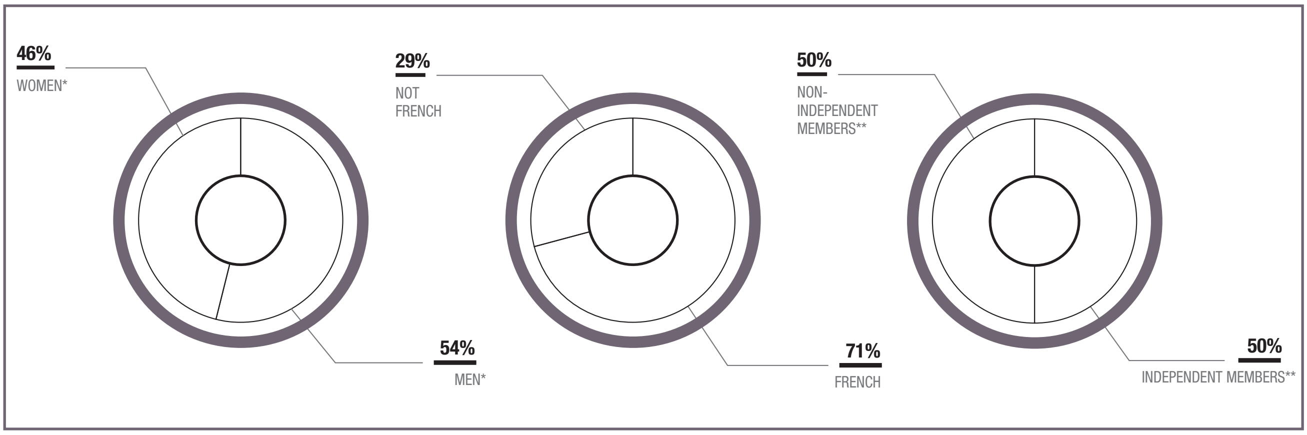
- not be an employee or Executive Director of the Company, or an employee or director of its parent company or of a company which it consolidates or has consolidated in the last five years;
- not be an Executive Director of a company in which the Company holds directly or indirectly a director term of office or in which an employee designated as such or an Executive Director of the Company (either currently or in the last five years) holds a director term of office;
- not be a major client, supplier, investment banker or corporate banker of the Company or its Group, or for which the Company or its Group represents a significant part of its business;
- have no close family ties with a corporate officer;
- not have been a Statutory Auditor of the Company in the last five years;
- not have been a company director during the last 12 years.

Based on these criteria, the Supervisory Board considers six members to be independent: Patricia Barbizet, Pamela Knapp, Louis Gallois (Chairman of the Supervisory Board), Catherine Bradley, Geoffroy Roux de Bézieux (Senior Independent Member) and Henri Philippe Reichstul. This puts the proportion of independent members at 50% (Members of the Board representing employees or employee shareholders are not included when calculating this percentage in accordance with the AFEP-MEDEF Code).

As part of its review, the Supervisory Board took into account the existence of business relations between the members of the Supervisory Board and the Group or its shareholders. It came to the conclusion that the director terms of office of Patricia Barbizet within Total and of Pamela Knapp within Saint Gobain do not compromise their independence due to the non-significant nature (as assessed using the length of their terms and the revenue of the companies concerned) of the business relations between these companies and the Group. The Board also reviewed the independence of Helle Kristoffersen, whose appointment was proposed to the Shareholders' Meeting of 27 April 2016 to replace Patricia Barbizet. After considering her offices held within the Total group and the business relations between those companies and the Group, the Board came to the conclusion that she could be considered independent as defined by the AFEP-MEDEF Code.

3.2.1.1.3. Diversity policy

The Board regularly examines the desirable balance of its membership and of its committees, given the composition of and changes to the ownership structure of the Company and the diversity of representation on the Board. It currently includes six female and eight male members; women account for 46% of the members * (unchanged from 2014) and 50% of members ** are independent (see details above in Section 3.2.1.1.2). The Board's objective is to maintain the presence of women and independent members on it at those levels at least. The Board also has four members of foreign nationality (Pamela Knapp, Zhu Yanfeng, Henri Philippe Reichstul and Liu Weidong), and all non-employee members have experience within an international organisation. The Board's objective is to continue the internationalisation of its members through the presence of foreign members or members with extensive international experience.



The employee representative is not taken into account to establish this percentage (AFEP-MEDEF Code, Article 6.4).
*** Employee representatives and employee shareholders are not taken into account to establish this percentage (AFEP-MEDEF Code, Article 9.2).*

This balanced membership ensures the quality of the debates and decisions taken by the Supervisory Board.

Please refer to Section 3.1 of the Registration Document for further developments about the Supervisory Board's composition (presentation of the members, membership developments in 2015, performed terms, statements on conflicts of interest, family ties, etc.).

3.2.1.2. PREPARATION AND ORGANISATION OF THE WORK OF THE SUPERVISORY BOARD

3.2.1.2.1. Role and operating procedures of the Supervisory Board

Internal Rules (excerpts)

Role

The internal rules of the Supervisory Board are available in full on the Group's website.

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.

Therefore, the role of the Supervisory Board is:

- to permanently monitor the management of the Company by the Managing Board, making the checks it deems necessary;
- to perform periodic checks on the Company's management: once a quarter for the Management Report which the Managing Board submits to it and within three months of the end of each financial year when the Managing Board submits the parent company financial statements, consolidated financial statements and the Management Report intended for the Shareholder Meeting for opinion and observation. Therefore, it also examines the half-year financial report, the quarterly financial information and the financial press releases to be published by the Company.

It is regularly kept up to date by the Managing Board on the Company's financial position, cash flow situation and commitments;

- to grant, in line with its powers pursuant to Article 9 of the by-laws, in addition to the preliminary legal obligations, its authorisation prior to the completion by the Managing Board of the following actions:

a) propose any amendment to the Company's by-laws (or any other decision whose purpose or effect would be to amend the by-laws),

b) conduct share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions authorised by the Shareholders' Meeting,

c) issue any and all ordinary or convertible bonds authorised by the Shareholders' Meeting,

d) draft any merger agreements or agreements for partial business transfer,

e) sign or terminate any manufacturing or sales agreements representing a future commitment for the Company with companies whose corporate purpose is similar or related to that of the Company and generally the execution of any major transaction which substantially alters the scope of the business or the financial structure of the Company or the Group it controls or which are not part of the strategy announced by the Group,

f) purchase, sell, exchange or contribute any business property and/or goodwill in excess of the amounts determined by the Supervisory Board (currently €50 million),

g) purchase, take or dispose of any stake in other existing or future companies which represent directly or indirectly a capital expenditure, an expense (in corporate value) or a credit or liability guarantee, immediate or deferred, in excess of the amounts determined by the Supervisory Board (currently €50 million),

h) sign 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),

i) grant or renew guarantees or sureties on behalf of the Company (excluding commitments to the tax and customs authorities), irrespective of the duration of the guaranteed commitments, for an amount per commitment in excess of the amount set by the Supervisory Board (currently €25 million), or for a total yearly amount in excess of the amount set by the Supervisory Board (currently €125 million),

j) issue any performance-based stock option or performance share plans,

k) buy back shares under a programme authorised by the Shareholders' Meeting, and

l) enter into any transaction agreement or any commitment, as part of a legal dispute or arbitration procedure in excess of the amounts set by the Supervisory Board (currently €50 million).

All of these authorisations affect the transactions performed by the Company and, depending on the nature of the transaction, may also affect the transactions performed by the Group's subsidiaries, with the exception of Faurecia.

The Supervisory Board ensures that the strategy proposed and applied by the Managing Board fits with its long-term vision. Each year, it examines and approves the medium-term strategic plan, the capital expenditure plan and the budget. It is alerted by the Managing Board as soon as possible in the case of an external event or internal developments which significantly jeopardise the Company's outlook or the projections submitted to the Supervisory Board.

It is notified every year of the main priorities of the Group's human resources policy.

Operating procedures

The Supervisory Board's Internal Rules set out the following, notably:

- 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 procedures for supplying information to members (a monthly presentation on the Group's business and results);
- the roles and responsibilities of Supervisory Board Committees;
- the obligations of Supervisory Board members;
- minimum shareholding (1,000 shares), except for French government representatives, the employee representative and the employee shareholder representative, in accordance with the special legislative provisions applicable to them;
- rules for managing conflicts of interest: *"any member of the Supervisory Board who finds him or herself, even potentially, either directly or via an intermediary, in a conflict of interest situation with regard to the corporate interest, must notify the Chairman of the Supervisory Board, or any person appointed by the Chairman. They shall refrain from taking part in decision-making on related issues, and as such may be asked not to take part in the vote".*

Assessment of the Board's performance

The Supervisory Board's Internal Rules set out the following: the Board regularly reviews its membership, organisation, functioning and the procedures used to exercise its control. The Board also works with the Managing Board to review the operating procedures between the two bodies.

This review has three aims:

- review the Board's operating procedures;
- check that important matters are properly prepared and discussed;
- measure the actual contribution of each member to the Board's work through their skills and involvement in the deliberations.

Therefore, the Supervisory Board dedicates an item on its agenda once a year to a debate on its operating procedures and reports back on these evaluations in the minutes of the relevant meeting.

At least once every three years, a formal evaluation takes place. It is performed by the Appointments, Remuneration and Governance Committee, with the assistance of an external consultant if required. The shareholders are notified every year in the Annual Report of the evaluations and any follow-up measures. A meeting of the members of the Supervisory Board is held once a year to assess the performance of the Managing Board and reflect on its future."

The annual assessment of the performance of the Supervisory Board and its Committees was carried out in October 2015 by an external firm (Spencer Stuart). The members of the Managing Board and the Secretary of the Board were also interviewed to hear their opinions on the operating procedures of corporate governance. They described a marked improvement in the practices of the Supervisory Board since the implementation of the new governance structure in 2014, with alignment between the members of the Board and the uncontested leadership of the Chairman.

Following this evaluation, the Supervisory Board decided to retain the following main changes: strategy will be dealt with in a more in-depth manner, with more time left for discussion, committee minutes will be available to all members of the Board, not only to committee members, the Finance and Audit Committee oral report will be expanded and greater focus will be placed on risk; the Appointments, Remuneration and Governance Committee will, in accordance with a process to preserve confidentiality, put more emphasis on the succession plan and the Asia Business Development Committee will be more interactive. Finally, the Chairman will hold discussions with each of the members of the Supervisory Board once a year on their contribution to the work of the Board.

Stock Market Code of Ethics

The Stock Market Code of Ethics aims to define the preventive measures authorising members of the Supervisory Board, Managing Board and/or Advisors to the Supervisory Board to intervene on Peugeot S.A. and Faurecia securities, in line with market integrity rules (reminder of confidentiality obligations and the obligation to refrain from such activity in the event of access to insider information and the applicable penalties, reporting obligations, blackout periods, inclusion on the insiders' trading list, etc.). It is available in full on the Group's website. All corporate directors have signed on to the charter. They are periodically reminded of these obligations by the Company. An identical Stock Market Code of Ethics applies to members of the Executive Committee.

3.2.1.2.2. Supervisory Board meetings in 2015

The Supervisory Board met six times in 2015, compared with ten times in 2014. The attendance rate of its members at the meetings was 93%.

The year 2015 saw the continued implementation of the Back in the Race plan to speed up the Group's recovery.

The Supervisory Board also approved the following items:

Business and finance:

- presentation of the consolidated financial statements and the parent company financial statements of Peugeot S.A. for 2014 by the Chief Financial Officer (hearing of the Statutory Auditors) and review of the financial communication relating to the consolidated and parent company financial statements;
- the preparation of the Shareholders' Meeting of 29 April 2015 and the approval of the reports presented to the Shareholders' Meeting;
- the major strategic guidelines as proposed by the Managing Board (which received a favourable opinion from the Works Council, which was made known to the Board);
- The Group's Corporate Social Responsibility programme (which is now presented every year in April to the Board), with a particular focus on gender equality between men and women;
- publication of the quarterly revenues;
- the acquisition of Mister Auto;
- the Morocco investment project;
- the results and financial statements from the first half of 2015, the half-year financial report and related disclosure (hearing of the Statutory Auditors);
- changes in the petrol/diesel mix and its impact for the Group in light of, inter alia, a possible tightening of the regulatory environment;
- the 2016 budget and the medium-term plan.

The Supervisory Board also approved the renewal of the annual authorisation to give sureties, endorsements and guarantees and the regulated agreements in effect during 2015.

Governance and compensation:

- approval of a performance share plan;
- the introduction in 2016 of a controlling variable portion of the attendance fees for attendance at Board meetings;
- the co-option of two members (change in Dongfeng representatives: Zhu Yanfeng and Dongfeng Motor (Hong Kong) International Co., Ltd);
- the elimination of the defined-benefit pension plan and the implementation of a new pension plan.

A strategic seminar was also held in September 2015, and the Board held a meeting in China in October 2015, during which Board members were able to visit Group concessions and the Wuhan 3 plant.

3.2.1.2.3. Supervisory Board committees

The Supervisory Board draws on the preparatory work performed by its four Committees:

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

The role of these four Committees is to prepare matters for discussion 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. Members attend Committee meetings in their own names and may not be represented by another party. The committees may call upon external experts when adhering to their objectivity and independence requirements.

The Strategy Committee

Membership	Independent	Main roles	Main activities in 2015
Robert PEUGEOT (Chairman)		› Look at the long-term future and potential avenues for growth and suggest to the Supervisory Board the Group's general orientations; - Make recommendations on the long-term strategic plans, the medium-term plan and the investment plan presented by the Managing Board; - Ensure that the strategy proposed and applied by the Managing Board fits with the long-term vision which the Supervisory Board has defined. › At the request of the Chairman of the Supervisory Board, examine any major project from an early stage. › Examine any strategic (or non-strategic) project to be authorised by the Supervisory Board (point e above of the Internal Rules).	Four meetings in 2015 with an attendance rate of 89%. › Powertrain strategy and parts and services strategy › Morocco investment project; › New Group strategic plan › 2016-2020 medium-term plan
Bruno BÉZARD			
Louis GALLOIS	√		
Jean-François KONDRATIUK			
Henri Philippe REICHSTUL	√		
ZHU Yanfeng			
2 Independent Members out of 6 → 40% independent membership *(member representing employees not included when calculating this percentage in accordance with the AFEP-MEDEF Code).*			

The Appointments, Remuneration and Governance Committee

Membership	Independent	Main roles	Main activities in 2015
Geoffroy ROUX De BÉZIEUX (Chairman)	√	› Appointments: - Determining the criteria for selecting members of the Supervisory Board and the Managing Board, making proposals on the Senior Independent Member and conducting the selection process; - Formulating and following a succession plan for members of the Managing Board so that it can suggest to the Board succession solutions in the event of unforeseen departures. The Committee is also notified of the succession plan and appointments to the Executive Committee (for members who do not sit on the Managing Board) and for key director positions within the Group. On this occasion, the Committee appoints the Chairman of the Managing Board. › Governance: - Monitoring changes in French regulations on the governance of listed companies and recommendations by markets and issuer representatives to submit opinions; - Ensuring regular evaluations by the Supervisory Board and suggesting improvements; - Examining and giving its opinion to the Supervisory Board on any proposal to amend the Company's by-laws which require the advance permission of the Board. › Compensation: - Suggesting compensation of corporate officers in all their components, as well as any benefits in kind and retirement plans which may be allocated to them; - Examining the general compensation policy for the members of the Managing Board	Five meetings in 2015 with an attendance rate of 91%. › Report of the Chairman on corporate governance and internal control procedures › Co-opting of Zhu Yanfeng and DMHK › 2014 variable portion and 2015 fixed portion of the members of the Managing Board › External evaluation of the Board › Performance share plan › "Say on pay" resolutions submitted to AGM › Controlling variable part of attendance fees › Executive manager pension scheme › Chairman and Management Board succession plan
Bruno BÉZARD			
Louis GALLOIS	√		
Pamela KNAPP	√		
Marie-Hélène PEUGEOT RONCORONI			
Anne VALLERON			
ZHU Yanfeng			
3 Independent Members out 7 → 50% independent membership *(member representing employee shareholders not included when calculating this percentage in accordance with the AFEP-MEDEF Code).*			

In accordance with the AFEP-MEDEF Code, the evaluation of the performance of the Chairman of the Managing Board and other members of the Managing Board, as well as reflections on the future of management, are conducted at meetings of the Appointments, Compensation and Governance Committee and Supervisory Board at which Managing Board members are not present.

The Finance and Audit Committee

Membership	Independent	Main roles	Principal tasks in 2015
Patricia BARBIZET (Chairman)	√	› Oversees: - the process of preparing the financial information and the efficiency of internal control and risk management systems; - statutory auditing of the Company's annual financial statements and the Group's consolidated financial statements by the Statutory Auditors; - the independence of the Statutory Auditors. In particular, overseeing the selection procedure for renewing the Statutory Auditors. › Examining and giving its opinion to the Supervisory Board on off-balance-sheet commitments, any projects requiring advance authorisation from the Board to which it refers as outlined in the internal rules of the Supervisory Board and the proposals on the appropriation of profit and setting of the dividend submitted by the Managing Board. › Periodically examining the Group's financial position and financing.	Five meetings in 2015 with an attendance rate of 92.5%. › The 2014 consolidated and company and half-yearly financial statements (presentation by the Chief Financial Officer, conclusions by the Statutory Auditors on their mission and discussion of the selected accounting options with them). › Regular monitoring of changes in the Group's financial position and the financial ratings of Group companies › Regular review of the medium-term plan, use of the yearly budget and analysis of any differences. › The Group's various financial communication materials, draft resolutions to the Shareholders' Meeting under its area of expertise, the fees paid to external service providers and the Statutory Auditors and the exchange rate risk management policy. › Internal Audit operations, 2015 Audit Plan and Top Group Risk mapping (as defined in Section 2.4.1 below) and 2016 Audit Plan. › Buyback of bond debt (€500 million) › Renegotiation of €3-billion syndicated credit facility › Monitoring of Banque PSA Finance-Santander partnership
Pamela KNAPP	√		
LIU Weidong			
Robert PEUGEOT			
Catherine BRADLEY	√		
Geoffroy ROUX De BÉZIEUX	√		
Anne VALLERON			
Florence VERZELEN			
4 Independent Members out 8 → 57% independent membership *(member representing employee shareholders not included when calculating this percentage in accordance with the AFEP-MEDEF Code).*			

In accordance with the French Commercial Code and the AFEP-MEDEF Code, members of the Finance and Audit Committee must have finance and accounting expertise. Therefore, the Supervisory Board considers that all members of the Committee have such expertise as proven by their experience, past careers and training as presented in Section 3.1 of the Registration Document. Patricia Barbizet is the Chairman of the Committee, and she has the required qualities, particularly as regards her role as Chief Executive Officer of the Artémis Group, CEO of Christie's International Plc, director of a CAC 40 company and corporate officer of major French and foreign companies.

Apart from some exeptional cases, the period given to the Committee to examine the financial statements must be no less than four calendar days before the financial statements are presented to the Supervisory Board. The yearly and half yearly consolidated financial statements and the Company financial statements are presented by the Chief Financial Officer to the Finance and Audit Committee, then the Supervisory Board along with a presentation by the Statutory Auditors on any significant weaknesses in internal control and the accounting options selected. When it takes note of the internal control and risk mapping system, particularly as regards major risks likely to have an impact on the financial and accounting information, it ensures a degree of maturity and management for these systems and examines the way they are implemented and the way any corrective measures are applied in the event of significant weaknesses or anomalies. To that end, it is kept informed of the main observations of the Statutory Auditors and the Audit and Risk Management Division. In formalising its opinion on the quality of the internal control systems, the Committee reviews 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 accordance with the plan. The Finance and Audit Committee has access to all the information it requires. It also holds meetings with the Head of the Audit and Risk Management Department, the Head of Accounting, the Head of Cash Flow and the Statutory Auditors, with or without members of the Managing Board. In this latter case, it notifies the Chairman of the Managing Board and/or the Member of the Managing Board responsible for finances. To do this, the Committee relies on the internal rules of the Committee, which outline the committee's objectives, and the report by the AMF Audit Committee working group of 22 July 2010.

THE ASIA BUSINESS DEVELOPMENT COMMITTEE

Membership	Independent	Main roles	Principal tasks in 2015
LIU Weidong (Chairman)	√	› Considering carefully the Group's long-term future in Asia, look at potential growth strategies in the Asian market and suggest to the Supervisory Board the Group's main growth strategies in Asia and consequently making its recommendations on the Group's long-term strategic plan in Asia and on the medium term plan submitted by the Managing Board for the Asia region. › Ensuring that the strategy proposed and applied by the Managing Board fits with the long-term vision for the Asian market as defined by the Supervisory Board. › Monitoring the implementation of the strategic and industrial partnership agreement between the PSA Group and the Dongfeng Group. The Chairman of the Supervisory Board refers all major projects concerning the Asian market to the Committee from the outset. It stays informed of the projects' content, especially their business approach and their development. The Committee meets when a project concerning the Asian market requires the advance authorisation of the Supervisory Board.	Two meetings in 2015 with an attendance rate of 100%. › China/ASEAN automotive market, PSA results in the region › Strategic objectives of the Group and PSA/Dongfeng strategic partnership. › Cost-reduction plans › Growth in the ASEAN region
Patricia BARBIZET	√		
Jean-François KONDRATIUK			
Marie-Hélène PEUGEOT RONCORONI			
Henri Philippe REICHSTUL	√		
Florence VERZELEN			
2 Independent Members out of 6 → 40% independent membership *(member representing employees not included when calculating this percentage in accordance with the AFEP-MEDEF Code).*			

3.2.1.3. SUMMARY TABLE OF THE RECOMMENDATIONS OF THE AFEP-MEDEF CODE WHICH HAVE NOT BEEN APPLIED

The table below summarises the recommendations of the AFEP-MEDEF Code which the Company has decided not to apply in light of its particular situation:

Relevant recommendation	Explanation
Evaluation of the actual contribution of each member to the Board's work (Art. 10.2)	During the external evaluation of the Board conducted in 2015, it was revealed that members receive no feedback on their actual contribution to the Board's work. Starting in 2016, the Chairman will hold discussions with each of the members of the Supervisory Board once a year on their contribution to the work of the Board.
Term of office of Supervisory Board members (Art. 14)	The term of office of Supervisory Board members is four years. The Shareholders' Meeting of 25 April 2012 amended the articles of association, shortening the terms of office from six to four years to be applied in future. Therefore, the term of office of Pamela Knapp, who was appointed in 2011, is still six years until her next renewal.
Representative part of independent members of the Finance and Audit Committee (Art. 16.1)	More than half (57%) of the members of the Finance and Audit Committee are independent (instead of the minimum of two thirds recommended by the Code). The relatively large proportion of non-independent members is due to the presence of a representative of each of the three major shareholders, given the composition of the Group's share capital and its governance as a result of the capital increases in 2014. Reaching the threshold of two thirds would bring about an increase in the number of committee members, which may hinder its effectiveness. Therefore there are no plans to reach this threshold to date.

3.2.1.4. SUPERVISORY BOARD AND MANAGING BOARD COMPENSATION PRINCIPLES

The principles and rules decided on by the Supervisory Board to determine the compensation and benefits granted to corporate officers are presented in Section 3.4 of the Registration Document.

3.2.1.5. ATTENDANCE OF SHAREHOLDERS AT PEUGEOT S.A. GENERAL MEETINGS AND PUBLICATION OF INFORMATION WHICH MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER FOR THE COMPANY'S SHARES

Information about shareholder attendance at General Meetings can be found in Chapter 7 of the Registration Document. Pursuant to Article L. 225-100-3 of the French Commercial Code, it should be noted that there is no agreement providing for compensation for members of the Supervisory Board or the Managing Board if their term ends due to a takeover bid. In accordance with Article L. 225-68 of the French Commercial Code paragraph 10, the other information referred to in Article L. 225-100-3 of the French Commercial Code is published in Chapter 7 of the Registration Document.

3.2.2. Risk management and internal control procedures

3.2.2.1. INTERNAL CONTROL OBJECTIVES FOR THE PSA GROUP

To prevent and limit the effect of internal and external risks, the Group has implemented risk management and internal control systems to ensure:

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

More generally, these procedures and processes help manage the Group's businesses, boost the effectiveness of its operations and ensure efficient use of its resources. Nevertheless, internal controls cannot give an absolute guarantee that the Company's objectives will be achieved.

3.2.2.2. REFERENCE FRAMEWORK

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

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. In this respect, specific developments are accorded to the Company, as set out below.

3.2.2.3. INTERNAL CONTROL PRINCIPLES

The Group internal control system was designed with the following goals in mind:

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

3.2.2.4. PARTICIPANTS AND PROCESSES

3.2.2.4.1. 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 are decided by the Executive Committee, and defined in Reference Documents forming a Working Framework that each person follows.

They include the Organisation Handbook and the Operating Procedures Handbook (hereinafter the "Operating Procedure") which describe the responsibilities, procedures to be followed and, more generally, the rules to be applied by everyone. In addition, each division has a reference manual which describes its own operating procedures.

These documents are available on the Group's intranet.

The Risk Management System is deployed Group-wide.

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

The Audit and Risk Management Department is in charge of the Risk Management Approach and checks the Correct Application of Risk Management Systems.

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

In addition, this Department identifies the Group's main crossover risks once a year at interviews conducted with a representative range of the Group's executive officers and managers.

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

In 2016 the Group plans to create a network of correspondents in charge of internal controls in each department and to initiate a formal self-assessment of the Group's internal control system.

Specific Risk Management and Control Procedures cover particular Risks.

The Group's Code of Ethics was updated in 2015, and is directly available to all Group employees via the Intranet portal. All employees are required formally to accept the terms of the Code. An Ethics Committee chaired by the General 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. For further information on the Group's ethics policy, see Section 2.3.4 of this Registration Document.

Measures to prevent fraud were strengthened in 2015. It is still placed under the responsibility of the Group's Ethics Committee, which has tasked the Group's Security Department with managing it, carrying out investigations, monitoring and reporting incidents.

The Security Department, which reports to the General 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 General Secretary, produces or checks the Group's contractual commitments. It is also in charge of organising the Group's defence in the event of disputes with third parties. It thus helps limit and manage the legal risks to which the Group is exposed.

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

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

The Audit and Risk Management Department checks through audit assignments that all of the Operating rules are being adhered to. The annual audit plan, which is defined independently, is based on the "Top Group Risks" and is subsequently submitted to Senior Management for approval and presented to the Supervisory Board's Finance and Audit Committee. The Audit and Risk Management Department is also responsible for assessing the degree of maturity of the risk management system and making recommendations for improving its effectiveness. A total of 97 audits were carried out in 2015 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 General Secretary reports to the Supervisory Board on the systems in place and their degree of maturity, as well as the "Top Group Risks" map, with particular emphasis on risks which could have 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.

3.2.2.4.2. Banque PSA Finance

Banque PSA Finance (BPF) has introduced an internal control system which complies with regulation No. 97-02 relating to the internal control of credit institutions. This system is described in BPF's annual report, which is available on its website (www.banquepsafinance.com).

3.2.2.4.3. Faurecia

Faurecia's risk management and internal control procedures are presented in its 2015 Registration Document, which can be found on its website.

3.2.2.5. 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.

3.2.2.5.1. Accounting and financial organisation

The Finance Department uses a technical and organisational framework called "Nordic"[1] which includes: the Group's accounting and consolidation standards, good accounting practice, integrated accounting standards, finance management standards, financing and cash standards and tax rules. 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 accounting standards describe the accounting policies applicable to all Group's 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.

A Group reporting timetable, produced by the Corporate Management Control Department, is circulated annually to all the Group's accounting, financial and management departments. For each month, it sets the various accounting, reporting and statement of income dates. 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.

3.2.2.5.2. Procedures for producing and processing accounting and financial information

Published financial information comprises the consolidated financial statements of the PSA Group and the statutory financial statements of Peugeot S.A., 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. They form the basis of the full set of consolidated financial statements reviewed each month by the Executive Committee.

The consolidated financial statements are prepared by the Consolidation Department, which is also responsible for Group accounting policies. The statements are prepared using the accounts of Group companies excluding Faurecia, restated in accordance with IFRS as adopted by the European Union, together with the accounts of the Faurecia Group sub-consolidation. The subsidiaries' accounts are prepared under the responsibility of the Accounting and Finance Departments within the various divisions (Automotive, Automotive Equipment, 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. The Automotive Accounting Department prepares the parent company and restated financial statements for Peugeot S.A. The Consolidation Department, along with the other accounting departments, 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

(1) As of March 2016 the Nordic framework will no longer be used. All of the standards will be accessible to all employees on a collaborative computer application.

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 SAP Business Objects Financial Consolidation system, which has been set up at all consolidated subsidiaries to guarantee data security and traceability. However, Faurecia has its own consolidation tool and is in this regard outside the purview of PSA.

Off-balance sheet commitments are identified within each Group company and reported to the Consolidation Department.

Asset control procedures are based on annual inventories of goods held by the Group as well as inventories of property, plant and equipment held at Group sites, based on cycle counts which ensure that each asset is counted, in general, 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.

3.2.2.6. EXAMINATION OF INTERNAL CONTROL 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.

3.3. STATUTORY AUDITORS' REPORT 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 your Company in accordance with Article L. 225-68 of the French Commercial Code (*Code de commerce*) for the year ended 31 December 2015.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on the 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 information

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, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

3.4. COMPENSATION OF CORPORATE OFFICERS

This chapter was drawn up with the support of the Appointments, Remuneration and Governance Committee.

The compensation paid to members of the Managing Board and Supervisory Board is determined by the Supervisory Board on the proposal of the Appointments, Remuneration and Governance Committee. In its analysis and proposals to the Board, the Committee takes care to adhere to the recommendations of the AFEP-MEDEF Code according to its version of November 2015.

3.4.1. Managing Board compensation

The compensation policy takes into account principles of completeness, balance, consistency, readability and measurement.

All compensation components of each member of the Managing Board are reviewed each year to assess the overall compensation of each one (fixed compensation, variable compensation, allocation of performance shares, pension plan, other benefits).

COMPENSATION POLICY

In 2015, the compensation structure changed to encourage the attainment of short and long term targets with a view to streamlining and aligning the interests of Managing Board members with those of the Company and its shareholders.

It consists of three elements:

- an annual fixed part;
- an annual variable part;
- a long-term compensation plan (performance shares).

Benchmark studies of comparable companies listed on the CAC 40 were prepared by an independent firm concerning the fixed compensation, variable compensation and long-term performance plan.

2015 compensation is shown in Tables page 139 - 144 below.

Fixed compensation

The fixed annual compensation paid to the Chairman of the Managing Board and members of the Managing Board reflects their responsibilities. It has not changed since 2009.

In 2015, the annual fixed compensation paid to the Chairman of the Managing Board was €1,300,000. The other members of the Managing Board were paid €618,000. Grégoire Olivier, a member of the Managing Board based in China, receives an additional allowance. In the past, this was an expatriation allowance corresponding to 50% of his fixed compensation. Starting in 2015, his expatriation will be decreased, from 35% of his fixed compensation and then to 10.5% from 2018 and onwards.

Annual variable compensation

It is designed to align the compensation paid to members of the Managing Board with the Group's annual performance and to contribute year on year to the implementation of its strategy.

It is expressed as a percentage of fixed yearly compensation.

Chairman of the Managing Board

The Chairman of the Managing Board is entitled to an annual variable compensation representing up to 150% of his annual base compensation.

Other members of the Managing Board

Other members of the Managing Board are entitled to an annual variable compensation representing up to 110% of their annual base salary.

Precise, pre-established, ambitious objectives

On the proposal of the Appointments, Remuneration and Governance Committee, the Supervisory Board determines at the beginning of the year the specific, ambitious qualitative and quantitative objectives for the year.

Targets for the Managing Board as a whole and individual objectives are assigned to them.

2015 targets

As for all Group employees benefiting from bonus payments, a trigger condition applies to the variable portion of the members of the Managing Board: no variable part shall be paid if the recurring operating income of the Automotive Division is less than 0. For members of the Managing Board, a second threshold determines the payment of their variable part: the free operating cash flow in 2015 for the manufacturing and commercial companies (excluding restructuring plans and non-recurring items) must be more than 0.

The structure of the targets for the variable part is as follows:

- Common economic targets: 80% of the maximum variable part:

  For 2015, two common economic targets were set for the members of the Managing Board. Each target represents 40% of the maximum variable part to which each executive director is entitled:

  - a target for cumulative Group 2014 and 2015 operating free cash flow: 40%,
  - a target for PSA Recurring Operating Income (Group ROC + BPF ROC + 50% China JV) in 2015: 40%;
- Annual performance targets for each member of the Managing Board: 20% of the maximum variable part:

  Annual performance targets of 20% of the maximum variable part were set for each member of the Executive Board for 2015 (see details below). Each target includes a trigger threshold equal to the values achieved in 2014.

The required achievement levels were determined precisely, in relation to the corresponding budget items.

The 2015 achievement targets are detailed in the table below.

Target achievement in 2015

The variable compensation of the past financial year was set by the Supervisory Board meeting of 23 February 2016 in line with the degree of attainment of the targets that had been set:

	Percentage of target achievement	Amount of variable part attributed	Variable compensation achieved (as a percentage of fixed compensation)	Target variable compensation (as a percentage of fixed compensation)
Carlos Tavares (Chairman of the Managing Board)	99%	€1,930,500	148.50%	150%
Jean-Baptiste de Chatillon	100%	€679,800	110%	110%
Grégoire Olivier	88%	€598,224	96.80%	110%
Jean-Christophe Quémard	100%	€679,800	110%	110%

Achievement of trigger thresholds and targets:

Target/threshold distribution	Thresholds/targets	Type of criterion	Trigger threshold
Double trigger threshold	Recurring operating income of Automotive Division greater than 0	Economic performance	Attained
	2015 operating free cash of manufacturing and commercial companies (excluding restructuring plans and non-recurring items) greater than 0	Economic performance	Attained

Target/threshold distribution	Thresholds/targets	Type of criterion	Trigger threshold	Percentage of target met
Common economic targets representing 40% of the maximum variable part each	Cumulative Group 2014 and 2015 operating free cash flow	Economic performance	Very high trigger threshold (over ¾ of target): Attained	100%
	PSA Recurring Operating Income (Group ROC + BPF ROC + 50% China JV) in 2015	Economic performance	Very high trigger threshold (over 70% of target): Attained	100%
Targets specific to each executive director representing 20% of the maximum variable part				
Carlos Tavares, Chairman of the Managing Board	› Workplace safety and quality of vehicles	Corporate social responsibility	Trigger threshold achieved at 2014 level: Attained	95%
Jean-Baptiste de Chatillon	› Results for from Parts and Services and Banque PSA Finance	Economic performance	Trigger threshold achieved at 2014 level: Attained	100%
Grégoire Olivier	› Results for DPCA	Economic performance	Trigger threshold achieved at 2014 level: Attained	40%
Jean-Christophe Quémard	› Result for Middle East, Africa Region	Economic performance	Trigger threshold achieved at 2014 level: Attained	100%

Pension scheme

Termination of defined-benefit pension plan and establishment of a new pension scheme

On the recommendation of the Chairman of the Managing Board, at its meeting of 15 December 2015, the Supervisory Board approved the principle of ending the defined-benefit supplementary pension plan for members of the Managing Board and of the Group Executive Committee effective 31 December 2015.

A new pension scheme was put in place starting on 1 January 2016. This means that the Company will no longer offer guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance. This scheme provides for the payment of an annual retirement contribution comprised 50% of contributions paid to a third-party organisation as part of a voluntary defined-contribution pension plan (Article 82) and 50% of a cash amount (taking into account a scheme based on taxation upon first deposit).

The annual contribution will be equal to 25% of the sum of fixed compensation and variable compensation for the year. As a result, it is dependent on the Company's performance through the calculation base that incorporates the variable part linked to the Group's results. The cumulative annual contributions and the balance of rights below may not exceed an amount equal to 8 annual Social Security ceilings multiplied by 23 (actuarial coefficient corresponding to the average number of years of pensions).

In light of the rights related to the characteristics of the defined-benefit pension plan which was terminated[(1)] and accumulated by the beneficiaries in late 2015, the Supervisory Board is granting the remainder of said rights to the beneficiaries. A discount is applied to the rights thus acquired based on age and number of years in the plan and in the group. It is comprised 50% of contributions paid to a third-party organisation and 50% of a cash amount.

The payment of the remaining rights will be spread over three years, which represents the following annual amounts for the members of the Managing Board: €470,000 for Mr. Tavares, €332,000 for Mr. de Chatillon, €486,667 for Mr. Olivier and €510,000 for M. Quémard (subject to social contributions and income tax, so the net amounts are roughly 50% of the amounts above). These payments will be subject presence in the Company at the end of each of the relevant years. The first payment will take place at the end of 2016.

Consulted prior to the implementation of the plan, the AFEP-MEDEF high committee on corporate governance ruled that this plan complied with the recommendations set out in the AFEP-MEDEF Code. In addition, the Peugeot S.A. Works Council issued a unanimous favourable opinion on the new plan.

Following these opinions, the whole plan was authorised by the Supervisory Board in accordance with the procedure for related party commitments and agreements. It will be presented in the Statutory Auditors' Special Report and submitted to vote at the Shareholders' of 27 April 2016.

Accounting impacts of the new scheme

This new scheme generated savings of €34 million in the 2015 consolidated financial statements, net of the cost of changes between plans. It will also be much less costly for the Group in the longer term. For the four members of the Managing Board, the expense of the new scheme (including the cost of changing from one plan to another) represents 40% of that of the previous scheme; for example, the expense corresponding to the Chairman of the Managing Board will be reduced by more than three thirds. In addition, the Board has decided to redistribute the savings generated by the new executive pension plan to all employees, to top up existing compensation and profit-sharing schemes.

Other benefits

The only benefits in kind provided to Managing Board members are a company car and medical insurance.

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 2015 are presented in Tables page 139 - 144 below.

Stock options/performance share grants

From 2009 to 2014, the members of the Managing Board were not allocated any options or performance shares.

The Managing Board members who benefited from a stock option plan in 2008 were subject to lock-up rules[(2)] and were prohibited from using hedging instruments.

2015 Performance share grants

On 17 February 2015, the Supervisory Board decided to grant performance shares to members of the Managing Board in accordance with the authorisations of the Shareholders' Meeting on 24 April 2013.

The Chairman of the Managing Board was allocated 130,000 performance shares, and the other members of the Managing Board were allocated 65,000 performance shares. This allocation is part of a comprehensive plan for several hundred senior managers and executives of the Group for a total of 2,465,000 shares (representing 0.31% of capital at the date of the decision to allocate, of which 0.04% to members of the Managing Board).

The shares have a two-year vesting period. Once vested, the shares must be kept by the members of the Managing Board for two years from the vesting date.

Acquisition of the shares is subject to performance conditions in terms of free cumulative operational cash flow of the manufacturing and sales companies 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and the recurring operating income for the Automotive Division in 2016. The system is additive (one third for FCF + one third for financial position + one third for automotive recurring operating income).

(1) Potential rights related to the characteristics of the defined benefit pension plan which has been terminated would have represented 7% of the reference income of Mr Tavares and 30% of that of Messrs de Chatillon, Olivier and Quémard given that they attained the maximum amount for the plan (reference income = sum of the average of the last 3 years of fixed compensation and the average of the last 8 years of variable compensation projected to retirement).

(2) Obligation to keep in registered form and until the end of their term of office, as many shares from the exercise of awarded stock options as will equal in value to 15% of the theoretical gross realisable capital gain on them.

The number of shares originally granted to a beneficiary was divided by three to determine three fractions for each beneficiary. The vesting of the number of shares constituting each fraction is subject to a specific performance target:

Fractions of shares originally granted *(each fraction = 1/3 of shares)*	**Type of performance target**	**Trigger threshold**	**Target**
Fraction 1	*Cumulative operating* free cash flow of manufacturing and commercial companies at the end of financial years 2014 to 2016	This threshold, which has a high level, will be contingent on the vesting of 25% of the shares of the fraction. If this trigger threshold is not attained, no shares in the relevant fraction will vest.	Beyond the trigger thresholds, the vesting of the shares will vary linearly until 100% of the shares in each fraction are vested in the event that the performance target assigned is attained.
Fraction 2	Net financial position of manufacturing and commercial companies at 31 December 2016		
Fraction 3	Automotive recurring operating income for 2016	The vesting of 100% of the shares in fraction 3 is contingent on the achievement of the fraction 3 performance target. If this performance target is not attained, no shares in fraction 3 will vest.	

The figures are not made public for confidentiality reasons.

This grant includes, for each member of the Managing Board:

- an obligation to keep, in registered form and until the cessation of their role, at least 50% of the number of vested shares (depending on the performance conditions being attained);
- an obligation to acquire, on the availability date of the allocated shares, a number of shares equivalent to 5% of the number of vested shares (subject to the performance conditions being attained); and
- a commitment not to carry out transactions to hedge their risk on the allocated shares, until the end of the lock-in period applicable to the shares allocated to them.

Details of stock option plans in effect at 31 December 2015 are presented in Note 11 to the Peugeot S.A. Financial Statements in Section 6 of this Registration Document. Table page 142 shows that no options were exercised by corporate officers during 2015.

Employment contract

No member of the Managing Board has a salaried position within the Group; the employment contracts of Jean-Baptiste de Chatillon, Grégoire Olivier and Jean-Christophe Quémard have been suspended. This suspension was justified by their considerable length of service as employees. Mr Carlos Tavares does not hold an employment contract.

2016 COMPENSATION POLICY

On 23 February 2016, the Supervisory Board determined, on the recommendation of the Managing Board and on the advice of the Appointments, Compensation and Governance Committee, the following types of compensation for 2016:

Fixed compensation:

In 2016, the amount of the fixed part of the compensation of the Chairman and the other members of the Managing Board is unchanged: €1,300,000 for the Chairman of the Managing Board and €618,000 for the other members of the Managing Board.

Variable compensation:

In 2016, variable compensation can represent up to 150% of fixed compensation for the Chairman of the Managing Board and 110% of fixed compensation for the other members of the Managing Board.

The collective Group targets represent 80% of the target variable compensation for the members of the Managing Board and the annual performance targets represent 20% of the target variable compensation set for each of its members.

In order to have a variable compensation structure consistent with the practices of a large majority of the market and leverage outperformance (i.e., exceeding of targets), compensation for exceeding targets has been introduced as from 2016. Consequently, in the event all collective Group targets are exceeded, additional compensation may be granted. This would bring the maximum variable compensation from 150% to 180% for the Chairman of the Managing Board and from 110% to 130% for its other members.

The structure of the targets for the variable part is as follows:

Threshold/target distribution	Thresholds/targets	Type of criterion
Double trigger threshold	Recurring operating income of Automotive Division greater than a positive figure.	Economic performance
	2015 operating free cash of manufacturing and commercial companies (excluding restructuring plans and non-recurring items) greater than a positive figure.	Economic performance

Threshold/target distribution	Thresholds/targets	Type of criterion	Percentage of maximum variable part
Collective targets representing 80% of the maximum variable part	Automotive Division operating margin (40% of the collective target)	Economic performance	32%
	Automotive Division revenue growth (40% of the collective target)	Economic performance	32%
	Vehicle quality (20% of the collective target)	Corporate social responsibility	16%

Threshold/target distribution	Thresholds/targets	Type of criterion	Percentage of maximum variable part
Targets specific to each executive director representing 20% of the maximum variable part			
Carlos Tavares (Chairman of the Managing Board):	› Group recurring operating income (+100% BPF + 50% China JV)	Economic performance	10%
	› Workplace safety › Sustainable mobility issues: CO_2 emissions (corporate average fuel efficiency 50% Europe, 50% China)	Corporate social responsibility	10%
Jean-Baptiste de Chatillon:	› Results from Parts and Services	Economic performance	10%
	› Peugeot Citroën Retail recurring operating income	Economic performance	5%
	› Banque PSA Finance profit	Economic performance	5%
Grégoire Olivier:	› DPCA sales volume › DPCA profit	Economic performance	15%
	› CAPSA recurring operating income › CAPSA sales volume	Economic performance	5%
Jean-Christophe Quémard:	› Africa Middle East Region recurring operating income	Economic performance	10%
	› Africa Middle East Region worldwide sales volume	Economic performance	10%

The figures are not made public for confidentiality reasons.

2016 proposed performance share grants

Following its decision of 23 February 2016, the Supervisory Board is considering the establishment of a performance share grant in 2016 at the end of the Shareholders' Meeting of 27 April 2016 in order to benefit from the new provisions of the Macron Law of 6 August 2015.

The Chairman of the Managing Board will be granted 130,000 performance shares and the other members of the Managing Board 60,000 performance shares. This grant is part of a comprehensive plan for several hundred senior managers and executives of the Group for a total of 2,100,000 shares (representing 0.26% of the share capital).

The vesting period will be divided into two stages: 50% of the shares originally granted will only vest at the end of a three-year vesting period, and the other 50% at the end of a four-year vesting period.

The determination of the final number of shares vested after each vesting period will be assessed over a performance period of three consecutive years (2016-2018).

Vesting will be subject to two performance conditions of the Group's New Strategic Plan, which will be presented to the public on 5 2016. The nature of the performance targets will thus be communicated on that date.

Fractions of shares of each vesting period *(each fraction = 50% of shares of the vesting period)*	Type of performance target	Trigger threshold	Attainment
Fraction 1	Target 1 of New Strategic Plan	Principle: trigger threshold equal to performance target of New Strategic Plan. 50% of shares of the fraction will vest if this trigger threshold is attained. If this trigger threshold is not attained, no shares in this fraction or in Fraction 2 will vest.	Principle: attainment exceeds target 1 set by the New Strategic Plan. Beyond the trigger threshold, the vesting of the shares will vary linearly until 100% of the shares in the fraction vest, in the event that the target is attained.
Fraction 2	Target 2 of New Strategic Plan	Principle: trigger threshold close to performance target of New Strategic Plan. 50% of shares of the fraction will vest if this trigger threshold is attained. If this trigger threshold is not attained, no shares in Fraction 2 will vest.	Principle: attainment exceeds target 2 set by the New Strategic Plan. Beyond the trigger threshold, the vesting of the shares will vary linearly until 100% of the shares in the fraction vest, in the event that the target is attained.

There will be no lock-up period under this plan.

This allocation will include, for each member of the Managing Board:

- an obligation to keep, in registered form and until the cessation of his or her role, at least 25% of the number of vested shares (depending on the performance conditions being attained) at the end of the vesting period;
- an obligation to acquire, on the availability date of the allocated shares, a number of shares equivalent to 5% of the number of vested shares (subject to the performance conditions being attained) at the end of the vesting period; and
- a commitment not to carry out transactions to hedge their risk on the allocated shares.

The obligations to keep and vesting obligations above are applicable to each member of the Managing Board and shall cease when he or she holds a number of shares in registered form corresponding to more than two years' gross fixed compensation. However, they become applicable once again should the target level not be respected thereafter. The calculation will take into account the price of the share on the vesting date of the performance shares.

ADVISORY VOTE OF SHAREHOLDERS ON THE COMPENSATION OF EXECUTIVE DIRECTORS

Information regarding compensation packages for Managing Board members, which will be submitted to advisory vote during the Shareholders' Meeting of 27 April 2016 pursuant to the recommendations of the AFEP-MEDEF Corporate Governance Code applicable to listed companies (paragraph 24.3), is presented in Section 8.1.

3.4.2. Compensation of members of the Supervisory Board

Supervisory Board members and the Advisor are paid annual attendance fees of an overall amount determined in advance by the Shareholders' Meeting. Pursuant to the decision of Peugeot S.A.'s Shareholders' Meeting of 31 May 2011, this amount has been set at €1,000,000(1) until further notice.

CHANGES IN DISTRIBUTION OF ATTENDANCE FEES

In 2015, attendance fees consisted of:

For attendance at Board meetings:	For attendance at Committee meetings:	For Advisors to the Supervisory Board:
› fixed part: €20,000, › variable part: €4,000 for each attendance at a Board Meeting *; the variable part is capped at €20,000 per year.	› fixed part: €15,000, increased to €30,000 for the Chairman of the Finance and Audit Committee and €20,000 for the Chairmen of the other Committees.	› fixed part of €10,000, › variable part: €2,000 for each attendance at a Board Meeting *; the variable part is capped at €10,000 per year.

* *Including by audio-conference or video conference.*

The compensation of the Chairman of the Supervisory Board (which Mr Gallois has waived) is €300,000 and the compensation of the Vice-Chairmen is €40,000. This compensation is not deducted from the annual total amount of attendance fees.

On 20 October 2015, the Supervisory Board decided to introduce a controlling variable part for attendance fees that will be distributed as follows beginning in 2016:

For attendance at Board meetings:	For attendance at Committee meetings:	Chairmanship of a Committee:	For Advisors to the Supervisory Board:
› fixed part: €16,000, › variable part: €24,000, if 100% of meetings are attended *, prorated for absences.	› fixed part: €6,000, › variable part: €9,000, if 100% of meetings are attended *, prorated for absences.	Chairman of the Finance and Audit Committee: › fixed part: €12,000, › variable part: €18,000, if 100% of meetings are attended *, prorated for absences. Chairmanship of other Committees: › fixed part: €8,000, › variable part: €12,000, if 100% of meetings are attended *, prorated for absences.	› fixed part of €8,000, › variable part: €12,000, if 100% of meetings are attended *, prorated for absences.

* *Including by audio-conference or video conference.*

For terms which have ended or took effect during the year, the fixed part of the attendance fees due shall be prorated. Should there be a risk of exceeding the total amount of €1 million during a year, a reduction coefficient may be applied to the amount of the attendance fees attributable to members and advisory members.

Compensation of the Chairman of the Supervisory Board and of the Vice-Chairmen shall remain unchanged.

In 2015, Louis Gallois waived his compensation as Chairman of the Supervisory Board and the attendance fees due to him, as he did in 2014. Anne Valleron (employee shareholder representative) also waived her attendance fees, as she did in 2013 and 2014.

The director's fees of Messrs. Bruno Bézard and Aymeric Ducroq are paid to the French government (the Public Treasury), those of Ms. Florence Verzelen to SOGEPA, and those of Messrs. Zhu Yanfeng, Liu Weidong and Wei Wenqing to Dongfeng.

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 members of the Supervisory Board the expenses incurred for the performance of their duties.

(1) The Shareholders' Meeting of 27 April 2016 will be asked to approve the increase of the annual total amount of attendance fees to €1,100,000.

3.4.3. Compensation and benefits

SUMMARY TABLE – COMPENSATION OF MEMBERS OF THE MANAGING BOARD

Carlos TAVARES Chairman of the Managing Board	Amounts for financial year 2014 Due	 Paid in 2014	Amounts for financial year 2015 Due	 Paid in 2015
Fixed compensation as member of the Managing Board (01/01/2014-30/03/2014) Variable compensation as member of the Managing Board (01/01/2014-30/03/2014)	154,500 153,419	154,500		153,419
Fixed compensation as Chairman of the Managing Board	976,894	976,894	1,300,000	1,300,000
Variable compensation as Chairman of the Managing Board	1,462,500		1,930,500	1,462,500
Company car	2,880	2,880	2,880	2,880
Medical insurance benefit	743 *	743 *	804 *	804 *
TOTAL	**2,750,936**	**1,135,017**	**3,234,184**	**2,919,603**

* *Employer contributions included in gross compensation pursuant to law No. 2013-1278 of 20 December 2013.*

Jean-Baptiste CHASSELOUP DE CHATILLON Member of the Managing Board Chief Financial Officer Director of IT systems	Amounts for financial year 2014 Due	 Paid in 2014	Amounts for financial year 2015 Due	 Paid in 2015
Fixed compensation	618,000	618,000	618,000	618,000
Variable compensation	621,473	0	679,800	621,473
Miscellaneous compensation				
Company car	2,880	2,880	2,880	2,880
Medical insurance benefit	743 *	743 *	804 *	804 *
TOTAL	**1,243,096**	**621,623**	**1,301,484**	**1,243,157**

* *Employer contributions included in gross compensation pursuant to law No. 2013-1278 of 20 December 2013.*

Grégoire OLIVIER Member of the Managing Board China and ASEAN Director	Amounts for financial year 2014 Due	 Paid in 2014	Amounts for financial year 2015 Due	 Paid in 2015
Fixed compensation	618,000	618,000	618,000	618,000
Variable compensation	621,473		598,224	621,473
Exceptional compensation				
Distance allowance (2014)/Expatriation allowance (2015)	309,000	309,000	216,300	216,300
Company car	2,880	2,880	2,880	2,880
Medical insurance benefit	743 *	743 *	804 *	804 *
TOTAL	**1,552,096**	**930,623**	**1,436,208**	**1,459,457**

* *Employer contributions included in gross compensation pursuant to law No. 2013-1278 of 20 December 2013.*

Jean-Christophe QUÉMARD Member of the Managing Board Middle East and Africa Director	Amounts for financial year 2014 Due	 Paid in 2014	Amounts for financial year 2015 Due	 Paid in 2015
Fixed compensation	618,000	618,000	618,000	618,000
Variable compensation	621,473		679,800	621,473
Miscellaneous compensation				
Company car	2,880	2,880	2,880	2,880
Medical insurance benefit	743 *	743 *	804 *	804 *
TOTAL	**1,243,096**	**621,623**	**1,301,484**	**1,243,157**

* *Employer contributions included in gross compensation pursuant to law No. 2013-1278 of 20 December 2013.*

Carlos Tavares and Jean-Baptiste Chasseloup de Chatillon did not receive attendance fees for their terms as directors of Faurecia.

SUMMARY TABLE - COMPENSATION, OPTIONS AND PERFORMANCE SHARES ALLOCATED TO EACH EXECUTIVE DIRECTOR

Carlos TAVARES **Chairman of the Managing Board**	**FY 2014**	**FY 2015**
Compensation due for the year as member of the Managing Board (01/01/2014-30/03/2014) (details in the above table)	308,812	
Compensation owed for the year as Chairman of the Managing Board (details in the above table)	2,442,124	3,234,184
Value of options allocated during the financial year (details in the following table page 142)		
Value of performance shares granted during the year (details in the following table page 143)		130,000 shares valued at €2,011,100 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
TOTAL	**2,750,936**	**5,245,284**

Jean-Baptiste CHASSELOUP DE CHATILLON **Member of the Managing Board** **Chief Financial Officer** **Director of IT systems**	**FY 2014**	**FY 2015**
Compensation owed for the year (details in the above table)	1,243,096	1,301,484
Value of options allocated during the financial year (details in the following table page 142)		
Value of performance shares granted during the year (details in the following table page 143)	0	65,000 shares valued at €1,005,550 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
TOTAL	**1,243,096**	**2,307,034**

Grégoire OLIVIER **Member of the Managing Board** **China and ASEAN Director**	**FY 2014**	**FY 2015**
Compensation owed for the year (details in the above table)	1,552,096	1,436,208
Value of options allocated during the financial year (details in the following table page 142)		
Value of performance shares granted during the year (details in the following table page 143)		65,000 shares Valued at €876,850 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
TOTAL	**1,552,096**	**2,313,058**

Jean-Christophe QUÉMARD **Member of the Managing Board** **Middle East and Africa Director**	**FY 2014**	**FY 2015**
Compensation owed for the year (details in the above table)	1,243,096	1,301,484
Value of options allocated during the financial year (details in the following table page 142)		
Value of performance shares granted during the year (details in the following table page 143)		65,000 shares Valued at €1,005,550 (fair value estimated according to IFRS applied for the preparation of the consolidated financial statements)
TOTAL	**1,243,096**	**2,307,034**

ATTENDANCE FEES AND OTHER COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS

Supervisory Board members	Amount paid during 2014	Amount paid during 2015 (first half)	Amount paid during 2015 (second half)	Amount paid during 2015
Louis GALLOIS[(1)] Chairman and member of the Supervisory Board				
Attendance fees, other compensation	0[(1)]	0[(1)]	0[(1)]	0[(1)]
Bruno BÉZARD Vice-Chairman and member of the Supervisory Board				
Attendance fees	24,667	18,000	18,000	36,000
Attendance fees for members of Board Committees	20,000	15,000	15,000	30,000
Other compensation (as Vice-Chairwoman of the Supervisory Board)	26,666	20,000	20,000	40,000
Marie-Hélène PEUGEOT RONCORONI Vice-Chairman of the Supervisory Board; Permanent Representative of EPF on the Supervisory Board				
Attendance fees	33,333	22,000	18,000	40,000
Attendance fees for members of Board Committees	20,000	15,000	15,000	30,000
Other compensation (as Vice-Chairwoman of the Supervisory Board)	20,000	20,000	20,000	40,000
ZHU Yanfeng Vice-Chairman of the Supervisory Board since 04/06/2015 – Permanent Representative of DMHK				
Attendance fees		5,666	18,000	23,666
Attendance fees for members of Board Committees		2,500	15,000	17,500
Other compensation (as Vice-Chairwoman of the Supervisory Board)		3,333	20,000	23,333
XU Ping Vice-Chairman and member of the Supervisory Board until 04/06/2015				
Attendance fees	26,667	16,333		16,333
Attendance fees for members of Board Committees	20,000	12,500		12,500
Other compensation (as Vice-Chairwoman of the Supervisory Board)	26,667	16,667		16,667
Patricia BARBIZET Member of the Supervisory Board				
Attendance fees	40,000	22,000	18,000	40,000
Attendance fees for members of Board Committees	35,000	22,500	22,500	45,000
Pamela KNAPP Member of the Supervisory Board				
Attendance fees	40,000	22,000	18,000	40,000
Attendance fees for members of Board Committees	25,000	15,000	15,000	30,000
Jean-François KONDRATIUK Member of the Supervisory Board				
Attendance fees	40,000	22,000	18,000	40,000
Attendance fees for members of Board Committees	20,000	15,000	15,000	30,000
LIU Weidong Member of the Supervisory Board				
Attendance fees	26,667	22,000	18,000	40,000
Attendance fees for members of Board Committees	23,333	17,500	17,500	35,000
Robert PEUGEOT[(2)] Permanent Representative of FFP on the Supervisory Board				
Attendance fees	40,000	22,000	18,000	40,000
Attendance fees for members of Board Committees	35,000	17,500	17,500	35,000

Supervisory Board members	Amount paid during 2014	Amount paid during 2015 (first half)	Amount paid during 2015 (second half)	Amount paid during 2015
Henri Philippe REICHSTUL Member of the Supervisory Board				
Attendance fees	40,000	18,000	22,000	40,000
Attendance fees for members of Board Committees	25,000	15,000	15,000	30,000
Dominique REINICHE Member of the Supervisory Board until 15/12/2015				
Attendance fees	40,000	18,000	18,000	36,000
Attendance fees for members of Board Committees	30,000	15,000	15,000	30,000
Geoffroy ROUX de BÉZIEUX Senior Independent Member of the Supervisory Board				
Attendance fees	40,000	22,000	18,000	40,000
Attendance fees for members of Board Committees	30,000	17,500	17,500	35,000
Anne VALLERON(1)				
Member of the Supervisory Board Attendance fees	0(1)	0(1)	0(1)	0(1)
Florence VERZELEN Permanent representative of SOGEPA				
Attendance fees	26,667	22,000	18,000	40,000
Attendance fees for members of Board Committees	20,000	15,000	15,000	30,000
Frédéric BANZET Advisor to the Supervisory Board of Peugeot S.A.				
Attendance fees	10,000	11,000	9,000	20,000
Attendance fees	6,667			
Aymeric DUCROCQ Advisor to the Supervisory Board since 28/07/2015				
Attendance fees			9,000	9,000
WEI WENQING Advisor to the Supervisory Board since 28/07/2015				
Attendance fees			9,000	9,000
TOTAL	**811,334**(3)	**518,000**	**502,000**	**1,020,000**

(1) Louis GALLOIS waived his compensation as Chairman of the Supervisory Board and the attendance fees due to him, as he did in 2014. Anne Valleron (employee shareholder representative) also wanted to waived her attendance fees, as she did in 2014.

(2) Robert PEUGEOT also received €30,233 from Faurecia for 2014 and €42,000 for 2015 for his appointment as a director of that company. As a former executive of the Group, he receives an additional pension of €160,030 per year (former Article 39 scheme) paid by AXA.

(3) The total amount paid in 2014 to non-executive corporate directors totalled €1,126,267 and included Thierry Peugeot, Jean-Philippe Peugeot, Jean-Louis Silvant, Marc Friedel, Jean-Paul Parayre, Thierry Pilenko, François Michelin and Roland Peugeot, whose term ended in 2014 and who did not receive attendance fees in 2015.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE DIRECTOR

Name of executive director	No. and date of plan	Type of option (purchase or subscription)	Value of the options based on the method used in the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
				NONE		

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE DIRECTOR

No options were exercised by corporate officers in 2015.

PERFORMANCE SHARES GRANTED TO EXECUTIVE DIRECTORS

PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR BY THE COMPANY AND ANY COMPANY IN THE GROUP

(list of names)	No. and date of the plan	Number of shares granted during the year	Value of the options based on the method used in the consolidated financial statements	Vesting date	Availability date	Performance conditions
Carlos TAVARES	2015	130,000		31/03/2017 for French tax residents 31/03/2019 for non-French tax residents	31/03/2019	(1)
Jean-Baptiste CHASSELOUP DE CHATILLON	2015	65,000		31/03/2017 for French tax residents 31/03/2019 for non-French tax residents	31/03/2019	(1)
Grégoire OLIVIER	2015	65,000		31/03/2017 for French tax residents 31/03/2019 for non-French tax residents	31/03/2019	(1)
Jean-Christophe QUÉMARD	2015	65,000		31/03/2017 for French tax residents 31/03/2019 for non-French tax residents	31/03/2019	(1)

(1) Performance conditions are defined in Section 3.4.1, page 132 above.

PERFORMANCE SHARES VESTING DURING THE YEAR FOR EACH EXECUTIVE DIRECTOR

None.

RECORD OF GRANTED PERFORMANCE SHARE

	Plan No. 2015
Date of Shareholders' Meeting	24/04/2013
Managing Board meeting date	27/02/2015
Total number of shares granted, including the number granted to:	2,465,000
The corporate officers[1]	
Carlos TAVARES	130,000
Jean-Baptiste CHASSELOUP DE CHATILLON	65,000
Grégoire OLIVIER	65,000
Jean Christophe QUEMARD	65,000
Vesting date of shares	31/03/2017 for French tax residents 31/03/2019 for non-French tax residents
End date of lock-up period	31/03/2019
Performance conditions	(2)
Number of shares vested on 31/12/2015	-
Number of options cancelled, expired or forfeited	27,000
Number of performance shares outstanding at year-end	2,438,000

(1) List of names of corporate officers (executive and non-executive directors).
(2) Performance conditions are defined in Section 3.4.1, page 132 above.

RECORD OF GRANTED STOCK OPTIONS TO PURCHASE OR SUBSCRIBE INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS

Managing Board meeting date	24/08/2004	23/08/2005	23/08/2006	22/08/2007	20/08/2008
Total number of shares that may be subscribed to or purchased, including the number available for subscription or purchase by:	1,159,040	1,100,050	1,439,487	1,629,993	1,916,820
Jean-Baptiste CHASSELOUP DE CHATILLON Member of the Managing Board Chief Financial Officer Director of IT systems					9,197
Grégoire OLIVIER Member of the Managing Board China and ASEAN Director					91,962
Jean-Christophe QUÉMARD Member of the Managing Board Middle East and Africa Director					45,981
Last exercise date	24/08/2012	23/08/2013	23/08/2014	22/08/2015	20/08/2016
Exercise price	40.68	44.76	26.84	39,427	21.58
Exercise terms (applicable to plans comprising several tranches)					
Number of shares issued on exercise of options as at 31/12/2015	12,000	10,000	15,000	0	0
Number of options cancelled, expired or forfeited	1,147,040	1,080,050	1,424,487	1,629,993	347,239
Number of options outstanding at year-end	0	0	0	0	1,569,581

For further informations, please refer to the note 7.2 of the Consolidated Financial Statements at December 2015, page 198.

COMMITMENTS CONCERNING MEMBERS OF THE MANAGING BOARD

	Employment contract		Supplementary pension benefits(1)		Compensation or benefits due or that may be due on termination or change in position		No-compete indemnity		Commitments under the Executive pension plan at 31/12/2015	
Executive Directors	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Carlos TAVARES Chairman of the Managing Board since 31/03/2014		√		√		√		√		√
Mr Jean-Baptiste CHASSELOUP DE CHATILLON Member of the Managing Board since 13/03/2012	√(2)			√		√		√		√
Grégoire OLIVIER Member of the Managing Board since 16/02/2007	√(2)			√		√		√		√
Jean-Christophe QUÉMARD Member of the Managing Board since 13/03/2012	√(2)			√		√		√		√

(1) On 31 December 2015, the additional defined-benefit pension plan for the members of the Managing Board was terminated (see explanation on page 133). A new pension scheme has been in place since 1 January 2016. This new scheme provides for the payment of an annual defined contribution plan.

(2) Suspended employment contract at the time of their appointment.

4

ANALYSIS OF THE BUSINESS AND GROUP OPERATING RESULTS IN 2015 AND OUTLOOK

4.1. ANALYSIS OF THE BUSINESS AND CONSOLIDATED ANNUAL RESULTS

The Group's consolidated financial statements at 31 December 2014 were adjusted compared with the financial statements previously reported primarily to reflect the classification of Faurecia's Automotive Exteriors and the partnership with Santander in accordance with IFRS 5. Full details of the reclassifications can be found in Note 3 to the consolidated financial statements at 31 December 2015. Subsequent events are presented in Note 19 to the financial statements.

4.1.1. Impact of Faurecia's planned disposal of its Automotive Exteriors business to Plastic Omnium

On 14 December 2015, Faurecia signed a memorandum of understanding with Plastic Omnium for the disposal of its Automotive Exteriors business. The business to be disposed of, which includes bumpers and front-end modules, generated €2 billion in revenue in 2014 within Faurecia itself. The transaction is based on an Enterprise Value of €665 million. In accordance with IFRS 5, the contributions of this business to the various line items in the income statement, balance sheet and statement of cash flows have been classified on a separate line. The tables below show the impact of this reclassification on the main group indicators in accordance with IFRS 5. The "Pro forma" column shows the data prior to the IFRS 5 classification of Faurecia's Automotive Exteriors business. The detailed impact is discussed in Note 3 to the consolidated financial statements

(in million euros)	31 December 2015 Pro forma*	Impact of IFRS 5 Faurecia "Automotive Exteriors"	31 December 2015 Reported in February 2016
Group Revenue	56,328	(1,652)	54,676
Group Recurring Operating Income (loss)	**2,816**	**(83)**	**2,733**
Consolidated profit (loss) for the period	1,202	-	1,202
Free cash flow of manufacturing and sales companies	3,722	(64)	3,658
Operational free cash flow of manufacturing and sales companies	3,868	(65)	3,803

* *Prior to the classification of Faurecia's Automotive Exteriors business in accordance with IFRS 5.*

(in million euros)	31 December 2014 Pro forma*	Impact of IFRS 5 Faurecia Automotive Exteriors	31 December 2014 Reported in February 2016
Group Revenue	53,301	(1,709)	51,592
Group Recurring Operating Income (loss)	**875**	**(78)**	**797**
Consolidated profit (loss) for the period	(555)	-	(555)
Free cash flow of manufacturing and sales companies	1,792	(95)	1,697
Operational Free cash flow of manufacturing and sales companies	2,182	(100)	2,082

* *Prior to the classification of Faurecia's Automotive Exteriors business in accordance with IFRS 5.*

4.1.2. Group profit (loss) for the period

Group profit (loss) for the period amounted to €1,202 million, up €1,757 million.

(in million euros)	31 December 2015	31 December 2014	Change
Revenue	54,676	51,592	+3,084
Recurring Operating Income	**2,733**	**797**	**+1,936**
As a % of Revenue	5.0%	1.5%	
Non-recurring operating income and expenses	(757)	(673)	-84
Operating income (loss)	1,976	124	+1,852
Net finance income (expenses)	(352)	(539)	+187
Other net financial income and expenses	(290)	(216)	-74
Income taxes	(706)	(306)	-400
Share in net earnings of companies at equity	437	286	+151
Profit (loss) from operations held for sale or to be continued in partnership*	137	96	+41
Consolidated profit (loss) for the period	**1,202**	**(555)**	**+1,757**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**899**	**(706)**	**+1,605**

* *Including 'Other expenses related to the non-transferred financing of operations to be continued in partnership'.*

4.1.3. Group revenue

The table below shows consolidated revenue by division:

(in million euros)	31 December 2015	31 December 2014(1)	Change
Automotive	37,514	36,085	+1,429
Revenue of Chinese JVs(2)	*5,181*	*4,610*	*+571*
Pro forma revenue of the Automotive Division, including the Chinese JVs	*42,695*	*40,695*	*+2,000*
Faurecia	18,770	16,877	+1,893
Other businesses and eliminations(3)	(1,608)	(1,370)	-238
REVENUE	**54,676**	**51,592**	**+3,084**

(1) Following IFRS 5 reclassification.
(2) 50% of the revenue of the Dongfeng and Changan partnerships.
(3) Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance.

Group's revenue does not include the contribution of the Chinese companies Dongfeng Peugeot Citroën Automobiles (DPCA), Dongfeng Peugeot Citroën Automobiles Sales (DPCS) and Changan PSA Automobiles (CAPSA), which are jointly controlled companies, accounted for by the equity method.

Nor does it include the revenue from finance companies covered by the partnership signed with Santander Consumer Finance, or the revenue from Faurecia's Automotive Exteriors business with regard to which an agreement was signed on 14 December 2015 and which was reclassified on a separate line in accordance with IFRS 5.

The pro forma revenue of the Automotive Division includes 50% of the revenue of the Dongfeng and Changan partnerships in China.

It is mainly comprised of New Vehicles revenue and breaks down as follows:

(in million euros)	31 December 2015	31 December 2014	Change
New vehicles excluding China	26,830	25,235	+1,595
New vehicles China	4,754	4,003	+751
PRO FORMA REVENUE, NEW VEHICLES	**31,584**	**29,238**	**+2,346**

The contribution of new vehicles revenue to the Automotive Division's revenue amounted to €26,830 million, up 6.3%, thanks in particular to higher volumes (+1.7%), an improvement in net prices (+1.5%), a favourable product mix (+1.4%) and positive exchange rate changes (+1.2%). The country mix stood at -0.1% and the "other" effect amounted to +0.6%.

4.1.4. Group Recurring Operating Income

The following table shows Recurring Operating Income (loss) by business segment

(in million euros)	31 December 2015	31 December 2014[1]	Change
Automotive	1,871	63	+1,808
Recurring Operating Income Chinese JVs[2]	*377*	*303*	*+74*
Pro forma Recurring Operating Income of the Automotive Division, including the Chinese JVs	2,248	366	+1,882
Faurecia	830	595	+235
Other businesses and eliminations[3]	32	139	-107
RECURRING OPERATING INCOME	**2,733**	**797**	**+1,936**

(1) Following IFRS 5 reclassification.
(2) 50% of the revenue of the Dongfeng and Changan partnerships.
(3) Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance.

The Automotive Division's recurring operating margin corresponds to the ratio of the Automotive Division's recurring operating income to the Automotive Division's revenue and stood at 5% in 2015.

The Automotive Division contributed €1,808 million to the increase in Group recurring operating income. This increase was due to both a favourable operating environment, amounting to +€624 million, and the performance of the Automotive Division, amounting to +€1,184 million.

The favourable effect of the Automotive Division's operating environment stemmed from positive market trends, accounting for €354 million, primarily in Europe, as well as the €237 million positive effect of "foreign exchange and others" associated with the strengthening of the pound sterling and Swiss franc against the euro. Raw material costs and other external costs had a positive impact of €33 million.

The performance of the Automotive business was due in particular to lower production and procurement costs, amounting to €739 million, lower general and administrative expenses, amounting to €187 million, the improved product mix, amounting to €192 million and the price and product enrichment effect of €12 million. Conversely, the changes in market share and country mix, had a negative impact of €(163) million. Furthermore, the effect of capitalising research and development expenses had a €209 million positive impact.

Faurecia's recurring operating income prior to the reclassification of the Automotive Exteriors business was €830 million, up €235 million (following IFRS 5 reclassification of the "Automotive Exteriors" business).

4.1.5. Other items contributing to Group profit (loss) for the period

Non-recurring operating income and expenses amounted to an expense of €(757) million and primarily included Automotive Division restructuring costs totalling €(734) million. These relate chiefly to the recognition of the restructuring plans covering the Group's industrial sites in Europe for €(560) million and the reorganisation of the Group's commercial operations in Europe for €(123) million.

Net finance income and expenses of €(352) million €(539) million in 2014) are set out in Note 12 to the consolidated financial statements and mainly included:

- the net finance costs of the Automotive Division and other activities, which amounted to €(267) million in 2015. They consist of finance costs incurred, net of interest income. In 2013, these net finance costs amounted to €(416) million and included the €89 million gain on the disposal of BNP Paribas securities. In 2015, they included a non-recurring expense of €(57) million relating to the early repayment of Peugeot S.A. bonds.

Adjusted for these non-recurring items, net finance costs decreased twofold between 2013 and 2015, and went from €(505) million in 2013 to €(210) million in 2015;

- Faurecia's contribution to net financial income and expenses was €(177) million, compared with €(199) million in 2014.

Other financial income and expenses amounted to €(290) million versus €(216) million in 2014. Full details can be found in Note 12 to the consolidated financial statements.

The income tax expense amounted to €(706) million, consisting of current taxes of €(361) million and deferred taxes of €(345) million.

The share in net earnings of companies at equity totalled €437 million in 2015, up €151 million. This increase was mainly due to:

- the contribution of the Dongfeng joint ventures (DPCA and DPCS) representing €350 million, up €67 million;
- the start of operations of the first joint ventures under the partnership between Banque PSA Finance and Santander Consumer Finance, which contributed €112 million. This mainly involves France and the United Kingdom since 2 February 2015 and Spain and Switzerland since early October 2015.

The profit from operations held for sale or to be continued in partnership, including Other expenses related to the non-transferred financing of operations to be continued in partnership, amounted to €137 million. This mainly consisted of the contribution of the finance companies covered by the partnership between Banque PSA Finance and Santander Consumer Finance totalling €65 million and the profit of Faurecia's Automotive Exteriors business amounting to €72 million.

The profit for the period of €899 million was up €1,605 million. Basic earnings were €1.14 versus €(1.15) in 2014.

4.1.6. Banque PSA Finance

The results (at 100%) of finance companies are presented below.

(in million euros)	**31 December 2015**	**31 December 2014**	**Change**
Revenue	1,601	1,703	-102
Net banking revenue	1,065	851	+214
Recurring Operating Income	**514**	**337**	**+177**
Penetration rate	29.9%	28.7%	+1.2 pt
Number of new contracts (leasing and financing)	731,701	700,855	+30,846

More detailed information on Banque PSA Finance is provided in Note 4 to the consolidated financial statements and in Banque PSA Finance's Annual Report, which can be downloaded from its website at www.banquepsafinance.com.

4.1.7. Faurecia

Faurecia's results after the reclassification of the Automotive Exteriors business following the signing of a memorandum of understanding for its disposal on 14 December 2015 are presented below.

(in million euros)	**31 December 2015**	**31 December 2014**	**Change**
Revenue	18,770	16,877	+1,893
Recurring operating income	**830**	**595**	**+235**
As a % of revenue	4.4%	3.5%	
Non-recurring operating income (expense)	(65)	(80)	+15
Operating income (loss)	**765**	**515**	**+250**
Net financial income (expense)	(150)	(239)	+89
Consolidated profit (loss) for the period	**503**	**229**	**+274**
Free cash flow	191	91	+100
Net financial position	(1,026)	(1,483)	+457

More detailed information on Faurecia is provided in Note 4 to the consolidated financial statements and in Faurecia's Annual Report, which can be downloaded from www.faurecia.com.

4.2. FINANCIAL POSITION AND CASH

(in million euros)	31 December 2015	31 December 2014	Change
Free cash flow of manufacturing and sales companies	3,658	1,697	+1,961
Operational free cash flow of manufacturing and sales companies	3,803	2,082	+1,721
Net financial position of manufacturing and sales companies	4,560	548	+4,012
o/w Faurecia	*(1,026)*	*(1,483)*	*+457*

4.2.1. Net financial position and financial security of manufacturing and sales companies

The net financial position of manufacturing and sales companies are set out and described in Note 12 to the Group's financial statements.

The net financial position of manufacturing and sales companies at end-December 2015 consisted of net cash of €4,560 million versus €548 million at end-December 2014. Faurecia's contribution represented net debt of €1,026 million in 2015, compared with net debt of €1,483 million in 2014.

The Group continued to actively manage its debt in 2015, in particular by carrying out a partial bond redemption for €500 million, along with the repayment by Peugeot S.A. of a €345 million bond and Faurecia's early repayment of €250 million. In March and April 2015, Faurecia issued €700 million in bonds and redeemed €250 million early. Furthermore, on 7 December Faurecia announced its intention to buy back at par, on 15 January 2016, the OCEANE bonds issued in September 2012. Following this announcement, 94.5% of the bonds were converted as of 31 December 2015.

The financial security of the manufacturing and sales companies is discussed in Note 12 to the Group's financial statements. In 2015, the Group renegotiated the financial conditions and extended its €3 billion syndicated credit facility. The €2-billion "A" tranche was extended to 2020. The €1-billion "B" tranche was extended to 2018 and the two optional one-year extensions are maintained.

The financing requirements of manufacturing and sales companies are subject to both monthly seasonal effects, due to the centralised payment terms for suppliers for example, but also in the course of the year, as a result of production stoppages during annual leaves (in August and a the end of the year).

Commitments made and capital expenditures to engage will be funded by available cash reserves, bonds issued under an EMTN programme on capital markets, or by our banks through investment loans.

For more detailed information, please refer to Note 12.4 to the consolidated financial statements at 31 December 2015, Section 5.6 below.

4.2.2. Free cash flow and operational free cash flow of manufacturing and sales companies

Details of the free cash flow and operational free cash flow of manufacturing and sales companies can be found in Note 16 to the 2015 consolidated financial statements.

The significant improvement in the net financial position of manufacturing and sales companies was mainly due to the free cash flow of €3,658 million generated over the period, €191 million of which was contributed by Faurecia. The free cash flow over the period mainly stemmed from:

- €5,171 million in cash flow generated by recurring operations;
- €(681) million in cash flows related to restructuring plans;
- €942 million improvement in the working capital requirement, including €863 million in trade payables, €76 million in trade receivables and €(14) million in inventories. New vehicle inventory levels are presented below;
- €(2,692) million in capitalised capital expenditure and research & development, versus €(2,507) million in 2014, including Faurecia's share which represented €(915) million in 2015, compared with €(858) million in 2014. Total research and development expenses incurred were flat in 2015 compared with 2014 and are presented in Note 5.3 to the financial statements;
- €918 million in dividends from finance companies.

The operational free cash flow of manufacturing and sales companies amounted to €3,803 million, excluding non-recurring items related to restructuring plans, asset disposals as well as extraordinary dividends from finance companies of €533 million.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network:

(in thousands of new vehicles)	31 December 2015	31 December 2014	31 December 2013
Group	107	107	169
Independent dealer network	243	232	215
TOTAL	**350**	**339**	**384**

4.2.3. Cash flows from financing activities of manufacturing and sales companies

In addition to the free cash flow, the exercise of equity warrants helped improve the net financial position by €142 million.

4.2.4. Liquidity and funding of finance companies

The liquidity and funding of finance companies is discussed in Notes 12, 13.4 and 13.5 to the financial statements.

More detailed information about Banque PSA Finance is provided in its Annual Report, which can be downloaded from its website at www.banquepsafinance.com.

4.2.5. Provisions for warranties

Please refer to Note 10.3 to the consolidated financial statements at 31 December 2015.

4.2.6. Pensions and other post-employment benefits

Please refer to Note 7.1 to the consolidated financial statements at 31 December 2015.

4.2.7. 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 15.1 to the consolidated financial statements at 31 December 2015.

4.2.8. Information regarding the anticipated sources of funds needed to fulfil certain commitments

Please refer to Section 4.2.4 above.

4.3. PARENT COMPANY RESULTS

Peugeot S.A. performs senior management, oversight and supervisory functions 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;
- treasury 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.

In accordance with the final paragraph of Article L. 225-102-1 of the French Commercial Code, the following agreements were entered into in 2014 between a subsidiary owned by Peugeot S.A. and a shareholder owning more than 10% of its voting rights: agreements entered into by Group subsidiaries Dongfeng Motor Group Company Ltd: these are technical cooperation agreements with Peugeot Citroën Automobiles (PCA), PSA Shanghai Management CoLtd. (PSM), Peugeot Citroën (China) Automotive Trade Co. (PCAT) and Dongfeng Peugeot Citroën Automobiles (DPCA).

RESULTS

Net Operating Income

Operating income – which primarily comprises management fees received from the main subsidiaries as well as rental income – amounted to €182 million in 2015, versus €143 million in 2014.

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 €110 million versus €99 million in 2014. These fees are invoiced to direct Peugeot S.A. subsidiaries based on the consolidated revenue of the division concerned.

Operating expenses amounted to €196 million in 2015, versus €221 million in 2014, and mainly corresponded to payroll costs and other purchases and external charges.

Thus, the Company ended the year with negative net operating income of €14 million, compared with a negative net operating income of €78 million in 2014.

Net financial income (loss)

Financial income consists largely of income from shares in subsidiaries and affiliates.

Income from investments in subsidiaries and affiliates and interest on loans granted to the GIE PSA Trésorerie amounted to €1,114 million, versus €581 million in 2014. The figure includes mainly the dividends of Peugeot S.A. subsidiaries.

Other Financial Income was €14 million versus €11 million in 2014, due to interest rates on short-term investments. Reversals on provisions for impairment in value of equity investments and treasury shares totalled €2,396 million (of which €2,186 million was for shares in automotive subsidiaries), versus €155 million in 2014.

Financial expense for depreciation, amortisation and provisions amounted to €5 million versus €201 million in 2014

Interest expense amounted to €250 million versus €327 million in 2014.

After taking these items into account, net financial income for the year was positive at €3,269 million versus a gain of €219 million in 2014.

Non-recurring income (expense)

Non-recurring income (see Note 22) of negative €100 million in 2015 primarily recognised a charge of €147 million to reflect the carrying amount of equity investments sold.

Profit (loss) of the period

Taking into account the net income tax benefit of €161 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 €3,315 million in net profit, compared with €300 million for 2014.

BALANCE SHEETS – ASSETS

Assets

Investments in and advances to equity affiliates make up the majority of the Company's non-current assets.

Before deducting provisions, the gross value of equity investments was €16,566 million at 31 December 2015, an increase of €3,929 million over 2014. Impairments of equity investments totalled €1,612 million at 31 December 2015 versus €3,936 million in 2014. These movements are described in Note 5 to the Company financial statements.

After deducting provisions, the net value of equity investments was €14,954 million at 31 December 2015 €(8,701 million at 31 December 2014).

Advances to subsidiaries and affiliates amounted to €3,148 million net of provisions at 31 December 2015 €(4,077 million at 31 December 2014). (see Note 6).

Current assets primarily correspond to (i) cash equivalents for €1,662 million at 31 December 2015 against €4,450 million at 31 December 2014 (see Note 12 to the Company Financial Statements) and (ii) marketable securities (including treasury shares) which totalled €82 million net of provisions at 31 December 2015 (see Note 10).

Of the 9,113,263 treasury shares held at 31 December 2015 7,543,682 are categorised as other long-term investments (allocated as a hedge of the convertible bond issued 23 June 2009) and 1,569,581 as marketable securities (reserved for stock option plans). (see Note 11.A).

Liabilities & Equity

Shareholders' equity at 31 December 2015 was €16,890 million versus €13,407 million at 31 December 2014. This increase was principally due to the capital increase reserved for employees and the exercise of equity warrants. As 2015 is the final year of the rebuilding of the Group's financial fundamentals, the Supervisory Board approved the Managing Board's proposal not to pay a dividend for the financial year 2015.

During 2015, Peugeot S.A. did not buy back any of its own shares. No stock options were granted in 2015 and no options were exercised (see Note 11.C). However, a performance share grant was carried out during the 2015 year (see Note 11.B).

Provisions for contingencies and charges totalled €89 million at 31 December 2015 versus €118 million in 2014. More detailed information can be found in Note 13 to the Financial Statements.

Long and short-term debt came to €3,152 million versus €4,077 million in 2014. 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. Since 8 April 2014 Peugeot S.A. and GIE PSA Trésorerie have had a new syndicated credit facility in the amount of €3 billion. On 10 November 2015 an amendment was signed modifying the financial terms and extending the maturity of the loan. It comprises a €2.0 billion five-year tranche and a €1.0 billion three-year tranche with two optional one-year extensions. On 19 June 2015 Peugeot S.A. effected a partial buyback of bonds for €500 million. On 29 June 2015 Peugeot S.A. redeemed the maturing June 2010 bond of €500 million for €345 million (see Note 16).

Of the €75 million due to suppliers of fixed assets, €71 million corresponds to the uncalled portion of the commitment to the FAA fund set up to support automotive equipment suppliers (see Note 17).

In as much as Peugeot S.A. is a holding company, the trade payables are not significant. Trade payables and related accounts amounted to €24 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.

Breakdown by schedule of payments to suppliers

At 31 December 2015, payments due to suppliers represented €0.3 million and broke down as follows in the financial statements:

- trade payables and related accounts recorded under liabilities: €24.4 million;
- less: deferred expenses: €24.1 million;

i.e.: €0.3 million.

This amount is payable according to the following schedule:

	Due		0 to 30 days		30 to 60 days		over 60 days		Total	
(in thousands of euros)	31/12/2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Supplier invoices										
From third parties	48	77	-	2	-	-	-	277	268	356
The Group	(14)	741	-	-	220	-	-	-	(14)	741
TOTAL PEUGEOT S.A.	**34**	**818**	**-**	**2**	**220**	**-**	**-**	**277**	**254**	**1097**

4.4. MAJOR CONTRACTS

None.

4.5. CAPITAL EXPENDITURE AND RESEARCH & DEVELOPMENT

Automotive expertise to deliver useful technologies

Innovation, research and development are powerful levers for addressing major auto industry challenges (changing standards and legislation, rising environmental awareness, emerging mobility and networking needs, product appeal, etc.) and thus for developing competitive advantages.

Every year PSA invests in research and development to stay ahead, technologically, of regulatory and market changes.

4.5.1. Regulatory and Market challenges

4.5.1.1. ENVIRONMENTAL REGULATIONS

The transportation industry has a direct impact on the control of greenhouse gases and air quality. For this reason, regulations require car manufacturers to market vehicles of ever greater environmental friendliness.

To limit emissions of greenhouse gases, Europe has set an especially ambitious objective of 95kg CO_2/km by 2020, a requirement that car manufacturers worldwide are rushing to meet. By 2025 the fuel consumption of cars will be half of what it was in 2010. In terms of air quality, European regulations are among the most stringent in the world and set limits on emissions of atmospheric pollutants (HC, CO, NO_x and particles). Among the things they have made possible:

- cutting down to a tenth the average total emissions of pollutants since the EU antipollution standards were introduced in 1992 (Euro 1);
- cutting down to one six-hundredth the emissions of diesel particles between 1992 (Euro 1) and 2011 (Euro 5), at something less than 1 mg/km;
- achieving equal emissions levels for petrol and diesel engines since the application of Euro 6 standards starting 1 September 2014.

PSA is also developing its engines to make them compliant with the international regulatory standards. In that regard motor vehicles sold in the larger Chinese cities will need to conform to the new standards taking effect in 2017 and then 2020. Besides regulatory constraints, PSA is anxious to put itself on a path of sustainable development (see Section 2.2). For this reason the Group has made the “clean car” a major strategic thrust of its R&D and has been seen for many years as one of the European leaders in terms of CO_2.

- In 2015, at a level of 104.4 g CO_2/km, PSA once again holds the top spot among European auto makers in limiting greenhouse gases.

4.5.1.2. CHANGES IN CUSTOMER EXPECTATIONS

Just as society has changed, so has what customers demand. Today’s world is an interconnected one. PSA has developed vehicles that meet these new demands:

- a car today is more about mobility than possession;
- the car has become a connected device, in which the HMI (human-machine interface) brings together smartphones and internet services;
- the car is supposed to relieve the driver of certain chores through the use of an ADAS (Advanced Driving Assistance System);
- the car must provide ever more safety for those who use the roads.

4.5.1.3. SAFETY ISSUES

Safety has become a fact of life in all markets. Following the example of Euro-NCAP, there are now such protocols all over the world (China-NCAP, Latin-NCAP, etc.) and people have come to expect a lot in this area.

The way the Group has performed in this regard is presented in Section 2.3.2, page 64.

4.5.2. R&D Strategy

4.5.2.1. THE GROUP'S R&D IN FIGURES

4.5.2.1.1. The R&D budget

In 2015, investments and capitalised R&D expenses amounted to €2,695 million, including €915 million for Faurecia, compared to €2,452 million in 2014, including €803 million for Faurecia. The level of investments and capitalised R&D expenses related to the Automotive Division was stable compared with 2014. PSA will continue its programme to optimise and make more effective its R&D expenses and investments, keeping them within a controlled scope. For further information, please refer to Note 5.3 to the 2015 consolidated financial statements, Section 5.6, below.

Key events in 2015 were:

- the introduction of the Peugeot 308 GTi and five half-lives: the Citroën C4, DS 4, DS 5, Citroën Berlingo/Peugeot Partner and Peugeot 208;
- celebration of the turbo PureTech 3-cylinder petrol engine, voted engine of the year in its category;
- broadening the BlueHDi line into the Euro 6.1 diesel engines (SCR technology);
- the first open-road testing of the self-driving car;

In addition, as part of the New Social Contract, the Group continued its investment plan to make it possible to launch a new model in each assembly plant over the 2014-2016 period and modernise manufacturing sites.

4.5.2.1.2. Workforce and R&D Centres

R&D assists the globalisation of the Group through three principal research and development centres in the world, which develop and adapt styles and technologies to the special needs of each region.

The majority of R&D staff are located in Europe (largely in France):

- this was 77% of the Group's R&D work in 2015;
- 10,200 employees (end 2015);
- three technical centres: Vélizy, Sochaux and La Garenne-Colombes;
- three testing centres in France: Belchamp, La Ferté-Vidame and Carrières sous Poissy.

In China, R&D supports the Group's sustained growth through activities undertaken as part of two joint ventures (see Section 4.5.2.4): Dongfeng Peugeot Citroën Automobile and Changan PSA Automobiles:

- 2,700 people, 2,000 of whom work in the two joint ventures;
- three R&D centres, whose work is aimed at local manufacturing and local content: Shanghai (the Group China Tech Center), Wuhan and Shenzhen.

In Latin America R&D involves:

- 630 people;
- one R&D centre: São Paulo.

4.5.2.2. INNOVATION

4.5.2.2.1. Patent policy

According to the ranking released by National Intellectual Property Institute (INPI) in April 2015, the Group was once again France's leading patent filer for the eighth consecutive year, with 1,063 patent applications published in France in 2014. This ranking reflects how much the Group's employees are invested in bringing about innovative solutions to create the automobile of tomorrow.

An assertive patent policy launched in 2000 with the establishment of initiatives such as an 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 efficiently relay patent information within the various Group departments. In 2011, this policy underwent significant changes to further strengthen protections for strategic technological developments and innovations embedded in vehicle and sub-assembly projects or implemented in factories. PSA thus consolidated a high-value portfolio.

In 2015 PSA, for the eighth year in a row, finished first in French patent filings, with 1,063 patents published in 2014 with the French patent and trademark office (Institut National de la Propriété Industrielle – INPI).

For example:

- the EP Turbo Pure Tech 3-cylinder petrol engine has 120 patents on it;
- the 100 patents on the BlueHDi line make the Peugeot 208 1.6l BlueHDi the the lowest-carbon combustion vehicle;
- the holder of over 60 patents for weight-reduction, PSA received an innovation award at the international composites exhibition (JEC Europe) for the design of a composite structure that may replace steel.

This active policy of patent application gives PSA competitive advantages, by allowing it keep to itself the use of its own innovations. It is also a major factor in the Group's cooperation with other car manufacturers, particularly with its Chinese partners, for whom PSA technology is a valuable advantage for growing in the markets.

4.5.2.2.2. Open Innovation

To meet the technological, environmental and societal challenges, the Group structures its work around Open Innovation, an inwardly and outwardly focused approach, offering as it does a wide range of opportunities (reduction of development costs, detection of new trends and Time to Market acceleration).

The Group has formally defined its vision of Open Innovation: 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 individuals' ecosystem for identifying new habits

Since 2008 the Group has launched initiatives targeting the "individuals" ecosystem (employees, users and customers) in particular to identify new uses, meet needs, gather and evaluate ideas.

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To do this, PSA is developing collaborative and participatory approaches to allow it to collect, analyse, use and transform the resulting ideas into technologies and services.

In 2015 PSA has rolled out incubators on many of its sites to assist those with ideas the Group finds ingenious in evaluating, maturing and realising their projects.

The enterprises ecosystem for working with new partners

The Group is developing its innovation policy by engaging in active and balanced dialogue with its partners:

- framework Partnerships have been forged with the Group's strategic suppliers;
- active partnerships with non-automotive manufacturing players such as EADS and EDF have been developed in which work is done on common interest issues such as the implementation of structural components made of composites and the storage of electrical energy.

The Group also developed its capacity to forge partnerships with SOHOs and start-ups, in an adapted and balanced framework. It was within this expanded concept of collaboration that a partners' portal dedicated to innovation was created in 2014. Accessible from the PSA website, it presents a regularly updated selection of the Group's needs in terms of technology or service innovations. The SMEs, SOHOs and start-ups can then upload their proposal and be put in touch easily and quickly with the right experts in the Group.

Throughout 2015 the Group launched several requests for innovative proposals with competitiveness clusters and networks fostering innovation in order to meet with startups and SMEs and forge new partnerships.

On 18 December PSA joined the Alliance for Open Innovation, established by the Ministry of the Economy, Industry and Digital Technology. The Alliance brings the participants together around values creating a framework of mutual trust among large companies and SMEs and startups.

The academic ecosystem for broadening 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 2010, PSA created the StelLab (Science & Technologies Exploratory Lean Laboratory) to lead its scientific partnerships. Its mission is to foster interdisciplinary discussion and dialogue between the Group and outside partners in academia through academic chairs and OpenLabs (joint research structures that pool the Group's research and experimental facilities teams and those of partner laboratories).

In late 2015 the network consisted of:

- Sixteen OpenLabs: ten in France, five in China and one in Brazil;
- Nine academic chairs, including three that cut across industries;
- Two innovation cells located in Switzerland (SelLab@EPFL) and Singapore (Innovation@Singapore).

Thanks to these partnerships, the Group will be able to explore major issues concerning tomorrow's automotive industry around the world.

To date, nearly one-fourth 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.

The institutional ecosystem for collaborative research

The Group also works with institutions such as Ministries, local administrations, the French National Research Agency (ANR), the Agency for the Environment and Energy Management (ADEME), competitiveness clusters and the European Commission.

The Open Innovation thrust reinforces the importance of networks and the necessity of cooperating with various parties. Also, PSA is an active member of automotive industry competitiveness clusters (Mov'eo, Vehicle of the Future, ID4Car), which foster collaborative projects, close relationships with start-ups and SMEs and meeting new potential partners.

This dialogue enables it to share with its partners research work on future technologies through grants and subsidies and have experimental sites to address the societal challenges of sustainable mobility. Participating in public-private partnerships provides access to all project results, including those conducted by partners.

Collaborative projects are mostly upstream research projects. Still, several projects resulted in promising, drivable demonstrators such as HYDOLE (HYbride à DOminante éLEctrique, or Majority Electric Hybrid, a research project subsidised by ADEME and completed in late 2012), OPENER (Optimal Energy Consumption and Recovery, a research project intended to increase the autonomy of future hybrid and electric vehicles) and made it possible to break down technological barriers, leading the way to future innovations.

In the Routier section of the Transports programme of the Investments for the Future Programme, PSA is involved in several projects either on its own or via GIE RE PSA Renault or via the Groupement Scientifique Moteur (GSM).

In the FASTLITE programme coordinated by Renault and PSA the two car manufacturers support the introduction of materials & process industries that will meet the challenges of producing lighter-weight automotive products by 2018-2020. The projects are organised around materials segments (composites, metals) and automotive applications (bodywork elements, mechanical parts, equipment).

The Group also participates in the following programmes:

- the "Promotion of Research" in the Institutes for Technological Research (IRTs): "M2P" Metallurgy and Process Materials; "SystemX" Digital Systems Engineering; and "Jules Verne" Composite Materials;
- "Energy" with VEDECOM, the institute for low-carbon communicating vehicles and their mobility, one of the ITE (energy transition institutes) created in February 2014.

PSA is a key player in the PFA platform, set up to define and lead initiatives to boost the French automotive industry. PFA is currently leading three key programmes that will help unify and structure the industry in which the Group is heavily involved:

- the 2l/100 km vehicle, which aims to develop technological building blocks, available from 2018-2020, and capable of reducing CO_2 emissions at an acceptable cost for customers (see Section 2);
- the ecosystem of the autonomous vehicle, the objective of which is to construct the broad roadmap during the pre-competitive phase (changes in law, regulations, infrastructure. etc.);
- VALdriv PLM, which aims to develop a system to manage technical information and related processes and skills, enabling all players involved in the life cycle of a product or service to instantly access the right data at the right time and place, depending on their rights and business lines, to create maximum value.

PSA is also a founding partner in Exelcar, an excellence cluster for vehicle bodies in the Brittany region inaugurated in 2015. This association will carry out a set of projects to leverage performance, attractiveness and differentiation by advancing the best practices in weight reduction, upscaling and multi-material assembly through a collaborative R&D effort by SMEs, car manufacturers research laboratories and others. It has 14 partners in it, including ACS, Cooper, Coriolis, Edixia, ESI, Faurecia and PSA and five research laboratories: UBS, ECN, INSA Rennes, Institut Maupertuis and ENSTA Bretagne.

4.5.2.3. R&D IN SUPPORT OF THE CORE MODEL STRATEGY

As part if its "Back in the Race" plan, Peugeot Citroën Group decided to limit the number of body styles developed by refocusing and targeting its product range on the main global "profit pools" and to rationalise its portfolio of platforms and the number of vehicle projects around general programmes.

To rationalise the number of platforms and meet the marketing needs of all regions where a vehicle could turn out to be profitable, the organisation of passenger car projects was reviewed. It entails five programmes based on two platforms and needing to meet the interests of all the brands and all the regions for a given segment.

Today the Group works with six platforms: PFT (206+/207 Latin America and China), BVH1, BVH2, BVH3, BVHU and EMP2. The aim is to evolve into two worldwide modular platforms that will make it possible to develop our entire range of products and meet the challenges in terms of mass, the environment (as to CO_2) and customer expectations as to features.

- EMP2 used specially for the C&D segments was launched in Europe, in Sochaux, in September 2013 with the new Citroën C4 Picasso and the new Peugeot 308 and later in China, in Wuhan, in 2014. It makes it possible to offer a diverse product offering: sedans, coupés, MPVs, SUVs and ULVs, by managing the technical variety using plug and play modules (powertrain, high/low driver's area, etc.) Associated benefits are:
  - a weight reduction of 70 to 80 kg by using lighter, innovative materials (steel, aluminium, composites), reducing the environmental impact of the vehicles. In this way the vehicles developed on EMP2 will show a 22% reduction in fuel consumption and CO_2 emissions as compared to the vehicle of the previous generation,
  - reduced development and manufacturing costs for each new product introduction, owing to versatile facilities that are identical from one site to another,
  - an upscaling visible to the customer with new stylistic trends such as big wheels at the four corners, low-slung body designs, a lowered bonnet, etc.;
- CMP or Common Modular Platform will become PSA's and DFG's platform for the B and C segments. The adaptation will require capital expenditures of €200 million, which will be 60% financed by PSA and 40% by DFG. A liaison team comprising DFG engineers is embedded in Vélizy within the principal project team. This platform will enable PSA and DFG to produce vehicles in their respective geographic areas of development. With respect to China and ASEAN countries, PSA will particularly benefit from DFG's knowledge of the supplier base. This will make it possible to reach the ambitious cost-reduction targets for highly price-sensitive segments. CMP will provide effective solutions in terms of modularity and versatility, equipment and reduced CO_2 emissions. Electrifying the powertrain will enable PSA to offer an electric version of all of its B segment and entry-level C vehicles.

Similarly, the Group is making changes as it develops all the body designs of the Peugeot, Citroën and DS brands, as well as those of Fengshen and Opel, through five global programmes: each of these programmes will meet the needs of the six regions and three brands in the segment that it addresses. Combining families of body designs, all brands, all regions, produced on the same technical stem for vehicles enables the introduction of "RESKIN" concepts. This modular approach, coupled with our organisation in programme mode, lets us carry over certain basic parts and modules as well as structural parts among cars of the same programme. In this way, as compared to an entirely new body design, there is a 20% cost savings in R&D and 30% in CAPEX.

4.5.2.4. INTERNATIONAL EXPANSION

The Group organises its development around six regions and has manufacturing locations in four regions: Asia, Latin America, Eurasia (Russia) and Africa-Middle East.

Even though the Group's main R&D centre remains in Europe – and particularly in France, where around 77% of our work is 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 flex-fuel in São Paulo.

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.

4.5.2.4.1. China

The Group has been expanding its business in China under two joint ventures: DPCA (Dongfeng Peugeot Citroën Automobiles) and CAPSA (Changan PSA Automobiles).

DPCA

Continuing the cooperation they began over 20 years ago, the strategic partnership agreement signed between PSA and the Dongfeng Motors Group (DFG) in march 2014, reinforces and deepens their manufacturing and marketing partnership within DPCA. It covers three main topics:

- an increase in DPCA volume in China;
- creating a new joint venture to drive sales of vehicles branded Peugeot, Citroën and Fengshen (DPCA's own brand) in Southeast Asia and possibly in other emerging markets;
- creating a joint R&D centre in China, dedicated to the development of products and technologies for fast-growing markets, including China.

In terms of manufacturing capacity at end 2015 the DPCA joint venture had three plants in Wuhan. They currently operate on two shifts, for a total potential capacity of 750,000 units per year. Furthermore, in

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July 2014, an agreement was signed between DPCA and the City of Chengdu for the construction of a fourth factory in China. With total capacity eventually reaching 360,000 vehicles a year, DPCA's fourth plant will build Dongfeng Citroën, Dongfeng Peugeot and Fengshen-badged SUVs and MPVs. With the fourth plant, production capacity will be lifted to 1 million units a year in 2016.

- In 2015 the Peugeot 308S and the Citroën C4 were launched in China. These product launches round out the success of the Peugeot 301, 308, 408, 508, 2008, 3008 and the Citroën C-Elysée, C-4, C4L, C5 and C3-XR. These successes also reflect the work done by the China Tech Centre, the Group's R&D centre in Shanghai, which designed the Citroën C4 and adapted the Peugeot 3008 to meet the specific needs of Chinese consumers.
- In 2015 the new DS 5 was added to the DS line in China and accompanied the success of the DS 5 LS and DS 6 introduced in 2014.
- The renewed product and engine offerings aim to reduce CO_2 emissions by 50% by the year 2020 in the ranges that the Group markets in China. At the same time, DPCA and CAPSA are moving forward in hybrid technology with a new Stop & Start-enabled generation.

The Dongfeng Fengshen L60, the first car to carry the DPCA brand, made in the Wuhan 1 plant, was introduced in 2015 in Fengshen dealerships.

DPCA is speeding up its international expansion by creating a new company, Dongfeng Peugeot Citroën International (DPCI), which will take charge of distribution and services for the Peugeot, Citroën and Fengshen brands in the ASEAN countries.

CAPSA

In 2015, CAPSA, a joint venture created in 2010 by PSA and China Changan Automobiles Group, continues to expand.

The Shenzhen plant now produces four vehicles, including the new DS 5, introduced simultaneously in Europe and China in April 2015 and two other models launched at the end of 2014 the DS 5LS and the DS 6.

Since the brand's "DS World" flagship showroom opened its doors in Shanghai in March 2013, the retail network includes 91 DS Stores as of the end of December 2015.

The joint venture has had since December 2014 its own R&D centre, in which CAPSA invested RMB 500 million. The centre's engineers will work closely with the China Tech Centre, the European R&D centres, as well as the styling centre in Vélizy.

DPCA's and CAPSA's product plans have also been expanded: at DPCA, the strategic partnership plans to launch at least one new vehicle per year and per Brand. At CAPSA, the DS brand product plan will also be filled out with a new offering every year starting in 2016 with the DS 4S, a new product in the C Premium segment.

These ambitious product plans not only refreshe extensively the current model line-up, but also expand the Peugeot, Citroën and DS brands' local market coverage.

4.5.2.4.2. Africa and Middle East

The Group's strategy in this region consists of gradually building vehicle manufacturing capacity in the centre of the region to serve the whole of Africa and Middle-East, whose potential is estimated at 8 million vehicles by 2025.

- The Group has had a location in Nigeria since 2014, in partnership with PAN Nigeria Limited, with a view to assembling and selling vehicles in Nigeria. The first vehicle under this agreement is the Peugeot 301, which is starting to be assembled in the Kaduna plant. by the terms of the agreement, PAN Nigeria Limited may also assemble the Peugeot 508 and the Peugeot 308. The Group will rely on a network of some ten dealers that are able to quickly implement the quality standards the Brand requires and support its commercial development in Nigeria.
- On 19 June 2015 the Group also announced the construction of a plant in the Kenitra region that starting in 2019 will assemble segment B and C engines and vehicles to meet the needs of the region and of customers in Morocco. With a capacity of 90,000 engines at the outset, this manufacturing plant will ultimately reach 200,000 production units if demand calls for it.

  This industrial project will draw on a competitive base of suppliers in Morocco who will benefit from the gradual build-up of manufacturing capacity and on the development of engineering firms necessary for the project. We thus expect to achieve a local content percentage of 60% at startup and 80% ultimately. The performance of local automotive equipment suppliers will enable them to enjoy very significant growth in their business.
- On 28 January 2016, the Group announced the creation of a joint venture to produce latest-generation vehicles in Iran. This 50/50 joint venture lays the foundations for a strategic partnership between the two companies and is expected to invest up to €400 million over the next five years in manufacturing capacity and research and development. The investment will contribute to facilitate the development of a competitive manufacturing base for producing, launching and marketing Peugeot 208, 2008 and 301 models, fitted with latest-generation engines. The first vehicles will roll off the production line at the Tehran plant in the second half of 2017.

In 2015, this region became the Group's third pillar of development.

4.5.2.4.3. Latin America

In Brazil, the Group has had two production centres in Porto Real in place for over ten years: an engine plant and a final assembly plant.

The Porto Real engine plant produces engines for the Group's vehicles assembled in Brazil and Argentina and intended for Latin American markets. Considered worldwide as a model plant in the PSA Group, in 2012 it began production of a new generation of engines, developed in Brazil and adapted to local needs, particularly flex fuel. The manufacturing facility has already produced nearly 1.6 million engines and its current capacity is 190,000 engines a year.

The final assembly plant in Porto Real, has rolled over 1 million vehicles off the line and presently has a production capacity of 150,000 vehicles per year. The Peugeot 2008 was introduced on 17 March 2015 and the Peugeot 208, the Citroën C3, C3 Aircross round out the plant's output. The Peugeot 2008 was the first vehicle to achieve the targeted product strategy globally.

In São Paulo, the engineers and stylists at the Group's local R&D centre adapt the vehicles to local driving conditions.

The Group also has a final assembly plant, near Buenos Aires, with annual capacity of 170,000 vehicles. This is where the Peugeot 207, Partner, 308 and 408, and the Citroën Berlingo and C4 Lounge are produced.

The Group's production facilities also include a mechanical component plant in Jeppener, which produces a 2.0L engine and has capacity for 75,000 engines a year.

With a heavy exposure to currency fluctuations, the Group seeks to improve profitability in the region by increasing local content and locally adapting the vehicles produced in the region's factories by reducing fixed costs and working on the positioning and pricing of our brands.

4.5.2.4.4. Russia

PCMA Russia, an assembly plant joint operation between PSA (70%) and Mitsubishi Motors Corporation (30%), in Kaluga, has been in production since mid-2012.

In 2015 the plant produced the Peugeot 408 and Citroën C4 Sedan. Its total production capacity is 125,000 vehicles per year.

After a year of growth in 2012, the Russian market has been in retreat for three years. In 2015 it was down 36% from 2014 and, in conjunction with the deterioration of the rouble versus the euro, generated a significant drop in the Group's sale volume. Group sales in Russia fell 73% to 11,200 units in 2015.

The Group has undertaken a major action plan involving a reduction of fixed costs and production costs, along with the development of solutions to increase its local content.

In 2015 the Group strove to develop and create opportunities for profitable growth in Ukraine, Kazakhstan and Belarus.

4.5.2.5. PERFORMANCE

Improvement in the effectiveness of PSA's R&D depends on two key factors:

- R&D performance;
- skills.

Improving the R&D performance

R&D has committed to show a performance gain of €1.5 billion by 2019, or an average annual gain of €300 million.

The key factors identified to achieve this objective are:

- improving the design and systems Engineering processes and our operational development programmes, and developing new projects in a process that optimises time to market and reduces development costs. By this means there can be an average gain of 20% in development costs and of ten weeks in the development of a vehicle;
- making use of PLM (Product Lifecycle Management), a tool involving all out operating processes and work methods, to create, manage, share and capitalise on all the information concerning the product throughout its life cycle;
- improving prototype costs by using effective digital tools;
- arranging R&D subcontracting around four major suppliers of engineering services and undertaking cost improvement measures with each of them aimed at 20% reductions;
- continuing our joint efforts with:
  - General Motors,
  - Toyota: in the A and D-LCV segments,
  - Fiat: utility vehicles,
  - Ford: diesel engines;
- strengthening the strategic partnership with Dongfeng Motors through the joint development of the CMP modular platform.

The revolutionary steps necessary to attain the R&D performance plan are provided in the transformation plan known as DRIVE (for Development, Research, Innovation & Value Enhancement) the purpose of which is to enhance the entire R&D value chain, from the exploratory and innovation stages to process engineering and series production phases.

Preservation of our core competencies

In terms of employment, PSA, in keeping with the New Social Contract, agrees to maintain 75% of the R&D work in France and limit outsourcing to 20%.

To meet this objective, the Group is refocusing its R&D resources and skills on its core business and its value added.

- an expertise network put in place in 2010 today includes 21 senior experts, 163 experts and 711 specialists who are key competencies to the Group;
- a skills management tool so-called nine cell strategic matrix is systematically applied to quickly identify those that add the most value.
- An internal reconversion programme called "Top Skills" which allows employees to reposition themselves along skills that are highly valuable for the Group's R&D.

4.5.3. PSA Technological Response

4.5.3.1. IMPROVING FUEL EFFICIENCY AND REDUCING CO_2 EMISSIONS

As part of our sustainable development commitment, half of PSA's R&D efforts are dedicated to clean technologies that help to shrink our vehicles' environmental footprint.

In terms of CO_2, the Group's R&D efforts concern the five key factors that will significantly reduce vehicles' fuel consumption:

- engine efficiency and hybridisation;
- vehicle mass;
- aerodynamics;
- rolling resistance;
- energy management.

The orders of magnitude of CO_2 gain from each of these factors are as follows:

Physical size	CO_2 gain (on NEDC)
Energy efficiency of powertrain	+10% η → -10 g
Mass	-100 kg → -8 g
Rolling resistance	-1 kg/t → -2 g
Aerodynamics	-0.05 m² SCx → -2 g
Electricity usage	-100 W → -2.5 g

Our technological innovations for combating greenhouse gas emissions are described in Section 2.2.1.1.1, page 35.

4.5.3.2. REDUCTION OF POLLUTING EMISSIONS

Due to European regulations, which are among the most stringent in the world, petrol and diesel engines have equivalent emissions per the Euro 6 standard, mandatory since September 2014 for new vehicles and applicable to passenger cars since September 2015. For more information on environmental regulations please refer to Section 4.5.1.1 above.

Our R&D work aims to equip all the Group's vehicles with increasingly effective anti-pollution systems, whether for eliminating particles, reducing nitrogen oxides (NO_x) from diesel engines or for the pollutants from petrol engines (see Section 2.2.1.2.1, page 39).

4.5.3.3. THE AUTONOMOUS CONNECTED VEHICLE

To meet changes in the habits and expectations of customers, PSA is developing vehicles connected to the surroundings and having on board automation technologies that will gradually introduce self-driving.

4.5.3.3.1. The connected or communicating car

A networked or communicating vehicle is one linked to its environment: it begins with radio reception, moves up to smart phone links (Wi-Fi, Bluetooth, NFC or Near Field Communication) with infrastructures (GPS location, GSM mobile phone, etc.) and finishes with Car2X (conversation vehicle to vehicle or with infrastructures. The car interacts with its environment (e.g., emergency calls, hands-free kits, etc.). It fits easily into an ecosystem where all objects have the ability to communicate with each other. It marks the passage from a closed-off vehicle to an extended vehicle, with extensions in the cloud and in mobile devices.

The Group is taking a position in this market by developing mobile services and onboard intelligence for its customers (see Section 2.2.1.4, p. 42).

4.5.3.3.2. The autonomous or self-driving car

The automation of driving is gradually arriving for vehicles, in three main phases:

- assisted driving: a system that handles either the longitudinal or the lateral control of the vehicle on the road (e.g., ACC Automatic Cruise Control, Lane Keeping or Traffic Jam Assist). These technologies require the driver to keep hold of the steering wheel.
- automatic or automated driving: a system that handles both the longitudinal and lateral control of the vehicle without calling for the driver to do anything with the steering wheel (hands off is all right) or with the pedals. However, the driver does have to keep an eye on the system in real time and must not do any other tasks than those related to driving.
- autonomous vehicle: In this driving mode, the driver is no longer required to oversee the system, at least during some phases. He or she may temporarily turn to other tasks than driving.

PSA will be able to offer the first automatic driving functions as early as 2018. This involves using proven, advanced technologies and guaranteeing maximum operating safety.

The goal of the Group's strategy is to make these technologies accessible to the greatest number of people: "Safety for all". Thus the implementation of ADAS (Advanced Driving Assistance Systems) is planned to occur in side-waves, affecting all the vehicles of the Group.

The Group will also gradually introduce the autonomous vehicle, with an option for the driver to be temporarily "out of the loop" and do tasks not related to driving. In this mode, the system completely takes over the responsibility for driving and for safety, and should manual control need to be resumed, the driver is given sufficient advance warning.

The benefits to the customer of the increasing automation of driving are of three kinds:

- it frees up time when driving is monotonous or tedious;
- it simplifies routine manoeuvres (e.g. automatic parking);
- it provides yet more safety: 80% of accidents are due to human error.

4.5.3.3.3. Human-Machine Interfaces (HMI)

Human Machine Interfaces (HMIs) provide the driver with comfort and driving safety. Today, besides driving features, drivers want access to their digital environment on the screen of their vehicle, and in complete safety.

To meet these expectations PSA has developed among other things the i-cockpit, appearing on all Peugeot vehicles since 2012. The driver is seated in the heart of a truly intuitive techno-cockpit: the driver's position has a small steering wheel for easy handling, a heads-up console for comfort and driving safety and a large easy-to-use 9.7" touchscreen with fewer buttons.

HMI, which became a major feature, is characterised today by its rich style that, especially thanks to its harmonious Agora styling, brings a modern and ergonomic look to the product via coverflow animation.

Furthermore, the increase in complex connective devices and automatic functions which interact with the driver requires developing HMIs of great quality ergonomically, that add to the safety of the car and that are compatible with the act of driving.

The HMIs therefore must be explicit and meet the three needs of the three driving modes:

- for assisted driving: keep the driver informed about the operation of the system, allowing activations and adjustments, function by function.
- for automatic driving: as the driver has become the system supervisor, he or she must be able to give instructions and make high level adjustments: position in the lane, movements by the vehicle following behind, speed of parking manoeuvres, etc. The driver is informed in real time of what the system is doing and is about to do. He or she must be able to take over whenever he or she wishes. The system continuously monitors the driver's attention and might take back control at any point;

- For autonomous driving: interactions with the vehicle occur primarily when transitioning between modes. When the driver becomes a passenger, the interfaces may turn into something to toy with or be useful as a way for him or her to take on other activities. Human-Machine cooperation in autonomous mode is comparable to that of a customer and taxi driver.

The PSA HMIs will combine all the ways that the driver and the vehicle interact, such as word, touch, gesture, look – and do so in interaction with the vehicle's connected devices.

4.5.3.3.4. Challenges surrounding the autonomous connected car

The communicating autonomous vehicle does face significant technological challenges. Mass producing a safe autonomous vehicle calls for profound changes in the way we design onboard automotive systems.

Connection services also generate a new market where the position of participants from the auto industry and from consumer electronics has yet to be established.

But beyond these business or technological issues, there remains a social one as well. The acceptance of various degrees of vehicle automation by customers and governmental authorities will come about in stages as well. Assisted-driving vehicles are already on the street and their use by customers is growing. With respect to automatic driving and autonomous vehicles, the Vienna Convention as interpreted by EU member States does not authorise such machines. Discussions are under way among the car manufacturers, through OICA, to renegotiate the Convention so that it will authorise them. Meetings with government authorities are held regularly to determine the best way to introduce these systems, taking into account all the parameters such as, for instance, communications with customers, delivery of the vehicles and training customers in this sort of technology.

4.5.3.4. TECHNOLOGY IN SUPPORT OF MAKING THE BRANDS APPEALING

The PSA portfolio of innovations is implemented in the Group's vehicles according to the brand image strategy of the three brands.

Innovations which we intend to keep accessible to all our customers are implemented across the board on Peugeot, Citroën and DS cars:

- clean technologies (powertrain improvements, weight reduction, air quality);
- ADAS (Advanced Driving Assistance Systems).

Other innovations are an integral part of the Group's image. They are incorporated into vehicles as dictated by each vehicle's particular strategy. Thus you have on the Peugeot 208 the world's first textured paint, which looks and feels different with changes in light, and on the Citroën C4 Cactus exclusive flexible side-impact protection, Airbump®, which on 2 April 2015 was named "2015 World Car Design of the Year" at the New York international auto show.

The DS brand took its signature lighting on the DS 3 directly from the "Divine DS", "Wild Ruby" and "Number 9" concept cars, with the DS LED Vision system—illustrating a perfect match between technology and consumer appeal.

4.6. RECENT EVENTS AND OUTLOOK

4.6.1. Trend Information

A highlight of 2015 was the completion in advance of the Group's reconstruction plan. By leveraging on the four operational objectives set by the Back in the Race plan, presented in Section 1.4.2.1, the Group exceeded its financial targets.

1. Brand differentiation and improved net pricing

The three brands clearly exceeded their objectives a year ahead of schedule, which shows outstanding competitiveness and attests to the brands' strength in the eyes of the Group's customers. Pricing power in Europe has been increasing, faster than projected.

Peugeot, Citroën and DS are complementary and differentiated, each brand with its own set of features to appeal to its clientele. Peugeot provides total control over the driving experience ("Empowerment"); Citroën stands for transparency and living simply, while DS means an exclusive customer experience.

2. A product strategy targeted globally

Moving from a product strategy set by region to a global range of products is illustrated by the introduction of models worldwide by striving to simplify the range while preserving the Group's market coverage (at 60%). This means having 39 models in 2015 as compared to 45 models at the start of 2014 and targeting the most worthwhile technologies.

A thorough and exciting plan to back up our sales efforts with over 28 new vehicles introduced in the next six years in Europe, will help us achieve this objective over time.

The savings resulting from internal R&D performance and the sharing of capital expenditures and resources with outside parties, which are then re-invested, enable us to obtain all of the products and technologies the Group needs. Example of the Segment C SUV programme: a programme developed for five vehicles that are to be introduced starting in late 2016 and produced in two regions.

The technological offensive must meet the customers' wants and needs. PSA is still the leader on the European market in terms of CO_2 emissions with 104.4 g/km (the 3-cylinder turbo engine and the BlueHDi SCR) and is also one of the leaders in connected vehicles (the top Group in Europe with a fleet of 1.1 million connected vehicles with an autonomous telematics box), while the rollout of the ADAS programme is now under way. New technologies are being developed, and it is worth noting that in Europe 70% of models will be equipped with driver assistance devices by 2020.

3. Ensuring profitable growth internationally

Financial performance improved significantly in all regions.

Latin America is profitable over an entire year for the first time.

In China the cost savings plan is paying off, with an operating margin for the partnerships with Dongfeng at 8.4% versus 7.5% in 2014.

Along with that, global volume has increased 5.5% over the 2013-2015 period.

For detail on financial performance by region in 2015, please also refer to Sections 1.4.1.1.2 and 4.5.2.5 above.

4. Increased competitiveness

The Automotive Division's breakeven point, as calculated on operating income from recurring operations, improved by 1,000,000 vehicles (excluding China). It went from 2.6 million vehicles in 2013 to 1.6 million in 2015, for an initial objective of 2 million vehicles.

The Group is ahead on each point of leverage:

- pricing power of the brands: in 2015 by each one of the three brands outperformed its 2016 objective;
- reduction of fixed costs, demonstrated particularly by attaining a ratio of wages to revenue of 12% (the Automotive Division apart from its own dealerships) as of 2015;
- reduction in production costs: The Group achieved nearly half of the medium-term objective despite the impact of new regulations (Euro 6), with a savings of €211 per vehicle versus an objective of €500 between 2015 and 2018.

MARKET OUTLOOK

For 2016, the Group expects the automotive market to grow by about 2% in Europe and 5% in China, and to shrink by around 10% in Latin America and 15% in Russia.

THE GROUP EXCEEDED ITS FINANCIAL TARGETS

With €3.8 billion in operational free cash flow generated in 2015, the Group has exceeded its target of €2 billion for the 2015-2017 period.

The objective was to reach an operating margin[1] of 2% for the Automotive Division in 2018, targeting 5% within the timing of the next mid-term plan 2019-2023. That target was also exceeded ahead of schedule, with the Automotive Division reporting a 5% operating margin as of 2015.

PSA will present its plan for profitable growth on 5 April 2016.

4.6.2. Profit forecasts or estimates

The Group has not made any profit forecasts or estimates.

(1) Ratio of Recurring Operating Income to revenue for the Automotive Division.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

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The consolidated financial statements of the Group are presented for the years ended 31 December 2015 and 2014. The 2013 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers*) on 2 April 2014 under no. D. 14-0269.

5.1. CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	Notes	2015 Manufacturing and sales companies	2015 Finance companies	2015 Eliminations	2015 Total
Continuing operations					
Sales and revenue	*5.1*	**54,426**	**267**	**(17)**	**54,676**
Cost of goods and services sold		(44,372)	(154)	17	(44,509)
Selling, general and administrative expenses		(5,467)	(109)	-	(5,576)
Research and development expenses	*5.3*	(1,858)	-	-	(1,858)
Recurring operating income (loss)		**2,729**	**4**	**-**	**2,733**
Non-recurring operating income	*5.4 – 8.3*	141	2	-	143
Non-recurring operating expenses	*5.4 – 8.3*	(900)	-	-	(900)
Operating income (loss)		**1,970**	**6**	**-**	**1,976**
Financial income		295	(7)	-	288
Financial expenses		(937)	7	-	(930)
Net financial income (expense)	*12.2*	**(642)**	**-**	**-**	**(642)**
Income (loss) before tax of fully consolidated companies		**1,328**	**6**	**-**	**1,334**
Current taxes		(342)	(19)	-	(361)
Deferred taxes		(345)	-	-	(345)
Income taxes	*14*	**(687)**	**(19)**	**-**	**(706)**
Share in net earnings of companies at equity	*11.3*	314	123	-	437
Other expenses related to the non-transferred financing of operations to be continued in partnership	*3.3*	-	(114)	-	(114)
Consolidated profit (loss) from continuing operations		**955**	**(4)**	**-**	**951**
Attributable to equity holders of the parent		*665*	*(17)*	*-*	*648*
Operations held for sale or to be continued in partnership					
Profit (loss) from operations held for sale or to be continued in partnership		**72**	**179**	**-**	**251**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		**1,027**	**175**	**-**	**1,202**
Attributable to equity holders of the parent		*737*	*162*	*-*	*899*
Attributable to minority interests		*290*	*13*	*-*	*303*

(in euros)	
Basic earnings per €1 par value share of continuing operations – attributable to equity holders of the parent (Note 15.2)	0.82
Basic earnings per €1 par value share – attributable to equity holders of the parent (Note 15.2)	1.14
Diluted earnings per €1 par value share of continuing operations – attributable to equity holders of the parent (Note 15.2)	0.75
Diluted earnings per €1 par value share – attributable to equity holders of the parent (Note 15.2)	1.04

(in million euros)	Notes	2014 Manufacturing and sales companies	2014 Finance companies	2014 Eliminations	2014 Total
Continuing operations					
Sales and revenue	*5.1*	**51,310**	**300**	**(18)**	**51,592**
Cost of goods and services sold		(42,903)	(147)	18	(43,032)
Selling, general and administrative expenses		(5,681)	(57)	-	(5,738)
Research and development expenses	*5.3*	(2,025)	-	-	(2,025)
Recurring operating income (loss)		**701**	**96**	**-**	**797**
Non-recurring operating income	*5.4 – 8.3*	231	-	-	231
Non-recurring operating expenses	*5.4 – 8.3*	(904)	-	-	(904)
Operating income (loss)		**28**	**96**	**-**	**124**
Financial income		205	-	-	205
Financial expenses		(955)	(5)	-	(960)
Net financial income (expense)	*12.2*	**(750)**	**(5)**	**-**	**(755)**
Income (loss) before tax of fully consolidated companies		**(722)**	**91**	**-**	**(631)**
Current taxes		(228)	(19)	-	(247)
Deferred taxes		22	(81)	-	(59)
Income taxes	*14*	**(206)**	**(100)**	**-**	**(306)**
Share in net earnings of companies at equity	*11.3*	274	12	-	286
Other expenses related to the non-transferred financing of operations to be continued in partnership	*3.3*	-	(300)	-	(300)
Consolidated profit (loss) from continuing operations		**(654)**	**(297)**	**-**	**(951)**
Attributable to equity holders of the parent		*(796)*	*(301)*	*(5)*	*(1,102)*
Operations held for sale or to be continued in partnership					
Profit (loss) from operations held for sale or to be continued in partnership		**9**	**387**	**-**	**396**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		**(645)**	**90**	**-**	**(555)**
Attributable to equity holders of the parent		*(787)*	*86*	*(5)*	*(706)*
Attributable to minority interests		*142*	*4*	*5*	*151*

(in euros)	
Basic earnings per €1 par value share of continuing operations – attributable to equity holders of the parent (Note 15.2)	(1.80)
Basic earnings per €1 par value share – attributable to equity holders of the parent (Note 15.2)	(1.15)
Diluted earnings per €1 par value share of continuing operations – attributable to equity holders of the parent (Note 15.2)	(1.80)
Diluted earnings per €1 par value share – attributable to equity holders of the parent (Note 15.2)	(1.15)

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5.2. CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED IN EQUITY

	2015		
(in million euros)	**Before tax**	**Income tax benefit (expense)**	**After tax**
Consolidated profit (loss) for the period	**1,908**	**(706)**	**1,202**
Items that may be recycled through profit or loss			
Fair value adjustments to cash flow hedges	(48)	12	(36)
› of which, reclassified to the income statement	24	(7)	17
› of which, recognised in equity during the period	(72)	19	(53)
Gains and losses from remeasurement at fair value of available-for-sale financial assets	8	(1)	7
› of which, reclassified to the income statement	8	(1)	7
› of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	71	-	71
TOTAL	**31**	**11**	**42**
Items that may not be recycled through profit or loss			
Actuarial gains and losses on pension obligations	219	(60)	159
Income and expenses recognised directly in equity, net	**250**	**(49)**	**201**
› of which, companies at equity	105	-	105
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**2,158**	**(755)**	**1,403**
› of which, attributable to equity holders of the parent			1,063
› of which, attributable to minority interests			340

Income and expenses recognised in equity correspond to all changes in equity resulting from transactions with third parties other than shareholders.

	2014		
(in million euros)	**Before tax**	**Income tax benefit (expense)**	**After tax**
Consolidated profit (loss) for the period	**(249)**	**(306)**	**(555)**
Items that may be recycled through profit or loss			
Fair value adjustments to cash flow hedges	112	(33)	79
› of which, reclassified to the income statement	(129)	19	(110)
› of which, recognised in equity during the period	241	(52)	189
Gains and losses from remeasurement at fair value of available-for-sale financial assets	2	-	2
› of which, reclassified to the income statement	2	-	2
› of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	215	-	215
TOTAL	**329**	**(33)**	**296**
Items that may not be recycled through profit or loss			
Actuarial gains and losses on pension obligations	(132)	46	(86)
Income and expenses recognised directly in equity, net	**197**	**13**	**210**
› of which, companies at equity	(125)	-	(125)
TOTAL RECOGNISED INCOME AND EXPENSES, NET	**(52)**	**(293)**	**(345)**
› of which, attributable to equity holders of the parent			(534)
› of which, attributable to minority interests			189

5.3. CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	Notes	31 December 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill	8.1	1,381	1	-	1,382
Intangible assets	8.1	4,705	64	-	4,769
Property, plant and equipment	8.2	10,893	1	-	10,894
Investments in companies at equity	11	1,656	981	-	2,637
Other non-current financial assets	12.5.A	669	42	(2)	709
Other non-current assets	9.1	1,072	11	-	1,083
Deferred tax assets	14	550	31	-	581
Total non-current assets		**20,926**	**1,131**	**(2)**	**22,055**
Operating assets					
Loans and receivables – finance companies	13.3.A	-	468	(10)	458
Short-term investments – finance companies	13.3.B	-	96	-	96
Inventories	6.1	3,996	-	-	3,996
Trade receivables – manufacturing and sales companies	6.2	1,624	-	(69)	1,555
Current taxes	14	116	12	(9)	119
Other receivables	6.3.A	1,716	131	(9)	1,838
		7,452	**707**	**(97)**	**8,062**
Current financial assets	12.5.A	**570**	**-**	**(456)**	**114**
Financial investments	12.5.B	**352**	**-**	**-**	**352**
Cash and cash equivalents	12.5.C & 13.3.C	**10,465**	**486**	**(55)**	**10,896**
Total current assets		**18,839**	**1,193**	**(608)**	**19,424**
Total assets of continuing operations		**39,765**	**2,324**	**(610)**	**41,479**
Total assets of operations held for sale or to be continued in partnership		**616**	**7,048**	**(33)**	**7,631**
TOTAL ASSETS		**40,381**	**9,372**	**(643)**	**49,110**

EQUITY AND LIABILITIES

(in million euros)	Notes	31 December 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	15				
Share capital					808
Treasury shares					(238)
Retained earnings and other accumulated equity, excluding minority interests					9,985
Minority interests					1,664
Total equity					**12,219**
Continuing operations					
Non-current financial liabilities	12.6	4,267	-	-	4,267
Other non-current liabilities	9.2	3,487	-	-	3,487
Non-current provisions	10.2	1,278	-	-	1,278
Deferred tax liabilities	14	952	17	-	969
Total non-current liabilities		**9,984**	**17**	**-**	**10,001**
Operating liabilities					
Financing liabilities – finance companies	13.4	-	525	(171)	354
Non-transferred financing liabilities of operations to be continued in partnership – finance companies	13.4	-	2,604	(305)	2,299
Current provisions	10.3	3,044	153	-	3,197
Trade payables		8,858	-	(9)	8,849
Current taxes	14	167	6	(9)	164
Other payables	6.3.B	4,806	117	(43)	4,880
		16,875	**3,405**	**(537)**	**19,743**
Current financial liabilities	12.6	**3,229**	**-**	**(14)**	**3,215**
Total current liabilities		**20,104**	**3,405**	**(551)**	**22,958**
Total liabilities of continuing operations*		**30,088**	**3,422**	**(551)**	**32,959**
Total transferred liabilities of operations held for sale or to be continued in partnership		**401**	**3,623**	**(92)**	**3,932**
TOTAL EQUITY AND LIABILITIES					**49,110**

* *Excluding equity.*

ASSETS

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill	*8.1*	1,505	1	-	1,506
Intangible assets	*8.1*	4,285	63	-	4,348
Property, plant and equipment	*8.2*	10,826	5	-	10,831
Investments in companies at equity	*11*	1,562	104	-	1,666
Other non-current financial assets	*12.5.A*	696	31	(4)	723
Other non-current assets	*9.1*	928	14	(1)	941
Deferred tax assets	*14*	529	61	-	590
Total non-current assets		**20,331**	**279**	**(5)**	**20,605**
Operating assets					
Loans and receivables – finance companies	*13.3.A*	-	4,078	(4)	4,074
Short-term investments – finance companies	*13.3.B*	-	192	-	192
Inventories	*6.1*	4,194	-	-	4,194
Trade receivables – manufacturing and sales companies	*6.2*	1,375	-	(157)	1,218
Current taxes	*14*	147	9	(62)	94
Other receivables	*6.3.A*	1,662	320	(52)	1,930
		7,378	**4,599**	**(275)**	**11,702**
Current financial assets	*12.5.A*	**405**	**-**	**(301)**	**104**
Financial investments	*12.5.B*	**266**	**-**	**-**	**266**
Cash and cash equivalents	*12.5.C & 13.3.C*	**8,477**	**1,610**	**(128)**	**9,959**
Total current assets		**16,526**	**6,209**	**(704)**	**22,031**
Total assets of continuing operations		**36,857**	**6,488**	**(709)**	**42,636**
Total assets of operations held for sale or to be continued in partnership		**167**	**18,529**	**(120)**	**18,576**
TOTAL ASSETS		**37,024**	**25,017**	**(829)**	**61,212**

EQUITY AND LIABILITIES

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	*15*				
Share capital					783
Treasury shares					(296)
Retained earnings and other accumulated equity, excluding minority interests					8,784
Minority interests					1,147
Total equity					**10,418**
Continuing operations					
Non-current financial liabilities	*12.6*	6,463	-	-	6,463
Other non-current liabilities	*9.2*	2,993	-	(1)	2,992
Non-current provisions	*10.2*	1,541	2	-	1,543
Deferred tax liabilities	*14*	640	-	-	640
Total non-current liabilities		**11,637**	**2**	**(1)**	**11,638**
Operating liabilities					
Financing liabilities – finance companies	*13.4*	-	4,331	(363)	3,968
Non-transferred financing liabilities of operations to be continued in partnership – finance companies	*13.4*	-	8,677	-	8,677
Current provisions	*10.3*	2,790	98	-	2,888
Trade payables		8,177	-	(13)	8,164
Current taxes	*14*	157	8	(1)	164
Other payables	*6.3.B*	4,114	254	(140)	4,228
		15,238	**13,368**	**(517)**	**28,089**
Current financial liabilities	*12.6*	**2,833**	**-**	**(19)**	**2,814**
Total current liabilities		**18,071**	**13,368**	**(536)**	**30,903**
Total liabilities of continuing operations*		**29,708**	**13,370**	**(537)**	**42,541**
Total transferred liabilities of operations held for sale or to be continued in partnership		**37**	**8,508**	**(292)**	**8,253**
TOTAL EQUITY AND LIABILITIES					**61,212**

* *Excluding equity.*

5.4. CONSOLIDATED STATEMENTS OF CASH FLOWS

		2015			
(in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations		**955**	**(4)**	**-**	**951**
Other expenses related to the non-transferred financing of operations to be continued in partnership		-	114	-	114
Adjustments for non-cash items:					
› Depreciation, amortisation and impairment	16.2	2,482	10	-	2,492
› Provisions		273	57	-	330
› Changes in deferred tax		353	(60)	-	293
› (Gains) losses on disposals and other		184	7	-	191
Share in net (earnings) losses of companies at equity, net of dividends received		41	(123)	-	(82)
Revaluation adjustments taken to equity and hedges of debt		84	21	1	106
Change in carrying amount of leased vehicles		118	-	-	118
Funds from operations		**4,490**	**22**	**1**	**4,513**
Changes in working capital	6.4.A	942	6,538	40	7,520
Net cash from (used in) operating activities of continuing operations(1)		**5,432**	**6,560**	**41**	**12,033**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		31	(83)	-	(52)
Capital increase and acquisitions of consolidated companies and equity interests		(120)	(25)	-	(145)
Proceeds from disposals of property, plant and equipment and of intangible assets		88	2	-	90
Investments in property, plant and equipment(2)		(1,622)	(1)	-	(1,623)
Investments in intangible assets(3)		(1,327)	(18)	-	(1,345)
Change in amounts payable on fixed assets		134	-	-	134
Other		124	-	111	235
Net cash from (used in) investing activities of continuing operations		**(2,692)**	**(125)**	**111**	**(2,706)**
Dividends paid:					
› Intragroup		918	(918)	-	-
› Net amounts received from (paid to) operations to be continued in partnership		-	88	-	88
› To minority shareholders of subsidiaries		(85)	-	-	(85)
Proceeds from issuance of shares		199	-	-	199
(Purchases) sales of treasury shares		-	-	-	-
Changes in other financial assets and liabilities	12.3.B	(1,676)	-	142	(1,534)
Net cash from (used in) financing activities of continuing operations		**(644)**	**(830)**	**142**	**(1,332)**
Net cash related to the non-transferred debt of finance companies to be continued in partnership(4)		**-**	**(8,234)**	**(5)**	**(8,239)**
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership(4)		**42**	**938**	**(218)**	**762**
Effect of changes in exchange rates		(112)	(19)	3	(128)
Increase (decrease) in cash from continuing operations and held for sale or to be continued in partnership		**2,026**	**(1,710)**	**74**	**390**
Net cash and cash equivalents at beginning of period		**8,427**	**2,603**	**(128)**	**10,902**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	16.1	**10,453**	**893**	**(54)**	**11,292**

(1) Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.
(2) Of which for the manufacturing and sales activities, €620 million for Automotive Equipment Division and €1,002 million for the Automotive Division.
(3) Of which for the manufacturing and sales activities, €85 million for Automotive Equipment Division, excluding research and development.
(4) Details of cash flows from operations to be continued in partnership are disclosed in Note 16.4.

(in million euros)	Notes	2014 Manufacturing and sales companies	2014 Finance companies	2014 Eliminations	2014 Total
Consolidated profit (loss) from continuing operations		**(654)**	**(297)**	**-**	**(951)**
Other expenses related to the non-transferred financing of operations to be continued in partnership		-	300	-	300
Adjustments for non-cash items:					
› Depreciation, amortisation and impairment	*16.2*	2,456	15	-	2,471
› Provisions		274	41	-	315
› Changes in deferred tax		(30)	(88)	-	(118)
› (Gains) losses on disposals and other		42	-	-	42
Share in net (earnings) losses of companies at equity, net of dividends received		(121)	(12)	-	(133)
Revaluation adjustments taken to equity and hedges of debt		81	-	-	81
Change in carrying amount of leased vehicles		(10)	-	-	(10)
Funds from operations		**2,038**	**(41)**	**-**	**1,997**
Changes in working capital	*6.4.A*	1,690	(157)	17	1,550
Net cash from (used in) operating activities of continuing operations[1]		**3,728**	**(198)**	**17**	**3,547**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		-	-	-	-
Capital increase and acquisitions of consolidated companies and equity interests		(61)	(10)	-	(71)
Proceeds from disposals of property, plant and equipment and of intangible assets		203	2	-	205
Investments in property, plant and equipment[2]		(1,250)	(2)	-	(1,252)
Investments in intangible assets[3]		(1,111)	(12)	-	(1,123)
Change in amounts payable on fixed assets		(68)	-	-	(68)
Other		28	(9)	-	19
Net cash from (used in) investing activities of continuing operations		**(2,259)**	**(31)**	**-**	**(2,290)**
Dividends paid:					
› Intragroup		228	(228)	-	-
› Net amounts received from (paid to) operations to be continued in partnership		-	231	-	231
› To minority shareholders of subsidiaries		(58)	-	-	(58)
Proceeds from issuance of shares		2,961	-	-	2,961
(Purchases) sales of treasury shares		24	-	-	24
Changes in other financial assets and liabilities	*12.3.B*	(2,452)	-	334	(2,118)
Net cash from (used in) financing activities of continuing operations		**703**	**3**	**334**	**1,040**
Net cash related to the non-transferred debt of finance companies to be continued in partnership[4]		**-**	**(1,155)**	**(300)**	**(1,455)**
Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership[4]		**47**	**2,179**	**32**	**2,258**
Effect of changes in exchange rates		47	1	(1)	47
Increase (decrease) in cash from continuing operations and held for sale or to be continued in partnership		**2,266**	**799**	**82**	**3,147**
Net cash and cash equivalents at beginning of period		**6,161**	**1,804**	**(210)**	**7,755**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	*16.1*	**8,427**	**2,603**	**(128)**	**10,902**

(1) Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.
(2) Of which for the manufacturing and sales activities, €515 million for Automotive Equipment Division and €779 million for the Automotive Division.
(3) Of which for the manufacturing and sales activities, €75 million for Automotive Equipment Division, excluding research and development.
(4) Details of cash flows from operations to be continued in partnership are disclosed in Note 16.4.

5.5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

				Revaluations – excluding minority interests						
(in million euros)	Share capital	Treasury shares	Retained earnings excluding revaluations	Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses on pension obligations	Effect of changes in exchange rates	Equity – Attributable to equity holders of the parent	Equity –Minority interests	Total equity
At 31 December 2013	**355**	**(351)**	**7,264**	**(74)**	**-**	**(169)**	**(198)**	**6,827**	**1,010**	**7,837**
Income and expenses recognised directly in equity for the period	-	-	(706)	82	2	(58)	146	(534)	189	(345)
Measurement of stock options and performance share grants	-	-	20	-	-	-	-	20	3	23
Minority shareholder puts	-	-	-	-	-	-	-	-	-	-
Effect of changes in scope of consolidation and other	-	-	1	-	-	-	-	1	(6)	(5)
Issuance of shares	428	-	2,505	-	-	-	-	2,933	17	2,950
Treasury shares	-	55	(31)	-	-	-	-	24	-	24
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(66)	(66)
At 31 December 2014	**783**	**(296)**	**9,053**	**8**	**2**	**(227)**	**(52)**	**9,271**	**1,147**	**10,418**
Income and expenses recognised directly in equity for the period	-	-	899	(36)	7	145	48	1,063	340	1,403
Measurement of stock options and performance share grants	-	-	10	-	-	-	-	10	5	15
Minority shareholder puts	-	-	-	-	-	-	-	-	-	-
Effect of changes in scope of consolidation and other	-	-	(101)	-	-	-	-	(101)	95	(6)
Issuance of shares	25	-	287	-	-	-	-	312	161	473
Treasury shares	-	58	(58)	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(84)	(84)
AT 31 DECEMBER 2015	**808**	**(238)**	**10,090**	**(28)**	**9**	**(82)**	**(4)**	**10,555**	**1,664**	**12,219**

5.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 2015

CONTENTS

PRELIMINARY NOTE

The consolidated financial statements for 2015 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 15 February 2016, with Note 19 taking into account events that occurred in the period up to the Supervisory Board meeting on 23 February 2016.

NOTE 1 SPECIFIC EVENTS OF THE YEAR

1.1. IMPLEMENTATION AND EXTENDING OF THE PARTNERSHIP WITH SANTANDER

The partnership has been implemented in several countries in 2015: in France and in the United-Kingdom on the 2nd of February, and in Spain and in Switzerland on the 2nd of October. Since then, these activities have been housed in partnerships, measured in accordance with the equity method in the proportion of 50%. In 2015, the partnership with Santander has been extended to the Brazilian activities and to the outstanding portfolio of Retail activities in Spain and Italy (see Note 3.3).

1.2. DIVESTURE OF FAURECIA'S AUTOMOTIVE EXTERIORS BUSINESS

Faurecia has signed a Memorandum of Understanding for the sale of its Automotive Exteriors business worldwide to Compagnie Plastic Omnium. Prior to the signature of a definitive agreement, this project is subject to information and consultation procedures with the relevant employee representative bodies and filing with the relevant antitrust authorities. For the purpose of the publication of the 2015 consolidated financial statements, these activities have been reclassified pursuant to IFRS 5.

The divestiture, combined with the early redemption by Faurecia of its convertible bond (see Note 3.3.B) would almost completely eliminate Faurecia's net debt.

1.3. CAPITAL INCREASE AND EXERCISE OF EQUITY WARRANTS

A. Capital increase reserved for employees

The capital increase reserved for employees, which was initiated in the final quarter of 2014, was finalised in January 2015. More than 15,280 employees participated in the "Accelerate" offer, with a substantially higher rate of subscription than for the share purchase offer (see Note 15.1.B).

B. Exercise of equity warrants (BSA)

As part of the capital increases carried out in the first half of 2014, equity warrants were issued to former shareholders, exercisable from the second year (see Note 15.1.B to the 2014 consolidated financial statements). At 31 December 2015, 62,881,270 warrants had been exercised, out of a total of 342,060,365 warrants issued (see Note 15.1.B).

1.4. REDEMPTION OF BONDS

As part of the process of managing its debt, the Group went ahead with the early redemption of several bonds in the amount of €500 million (see Note 12.6.A).

1.5. MANUFACTURING AGREEMENTS

A. Manufacturing agreement with the Kingdom of Morocco

On 19 June 2015, the Group and the Kingdom of Morocco have signed an agreement to build a plant in Kenitra province, which will begin producing B and C segment engines and vehicles as from 2019, in order to meet the needs of the region and of Moroccan customers. Starting out with an initial production capacity of 90,000 engines and vehicles, the plant will ultimately raise output to 200,000 units in line with future market demand.

B. Manufacturing partnership with the Bolloré Group

In June 2015, the Group and Bolloré Groups have signed a partnership agreement covering the electric car and carsharing. This agreement includes the distribution and the manufacturing of an electric car of the Bolloré Group at PSA plant in Rennes. The two groups commit themselves to develop shared mobility solutions, including carsharing schemes using conventional and electric vehicles.

Covering vehicle production and distribution as well as carsharing, the strategic cooperation agreement between Bolloré and PSA reflects the two groups' shared commitment towards sustainable mobility. It is also aligned with their common goal of becoming a leading player in the carsharing market, which will account for a significant portion of the new mobility economy, alongside public transport solutions.

NOTE 2 ACCOUNTING POLICIES AND PERFORMANCE INDICATORS

2.1. ACCOUNTING STANDARDS APPLIED

The 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 2015[1]. As the IFRS standards not adopted by the European Union do not have a material impact on the Group's consolidated financial statements, they are thus also compliant with the IFRS framework.

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).

The new IFRS standards that will be applied in the years to come, subject to their adoption by the European Union are the following:

New standards and interpretations		First application in the EU for annual periods beginning on or after:	Impacts
Amendment IAS 1	*"Disclosure Initiative"*	01/01/2016	Without material impact
Amendment IFRS 11	*"Accounting for Acquisitions of Interests in Joint Operations"*	01/01/2016	Without material impact
IFRS 9	*"Financial Instruments"*	01/01/2018[1]	Impacts currently being analysed
IFRS 15	*"Revenue from Contracts with Customers"*	01/01/2018[1]	Impacts currently being analysed
IFRS 16	*"Leases"*	01/01/2019[2]	Impacts currently being analysed

(1) Not yet adopted by the European Union.
(2) Issued in January 2016.

2.2. 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. Estimates and assumptions are reviewed periodically.

Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

For the preparation of the 2015 annual financial statements, special attention was paid to the following items:

- the recoverable amount of Automotive Division intangible assets and property, plant and equipment (see Note 8.3);
- provision (particularly restructuring provisions, pensions, warranty provisions for new cars as well as claims and litigation) (see Note 5.4.B, Note 7.1 and Note 10);
- deferred tax assets (see Note 14);
- sales incentives (see Note 5.1.A).

2.3. PERFORMANCE INDICATORS

In its financial communications, the Group publishes performance indicators that are not directly discernible from the summary consolidated financial statements. The main indicators defined in the notes to the financial statements are as follows:

- recurring operating income (loss) by segment (see Note 4.1 and Note 5);
- free cash flow and operationnal free cash flow (see Note 16.5);
- net financial position (see Note 12.3);
- liquidity reserves (see Note 12.4).

(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).*

NOTE 3 SCOPE OF CONSOLIDATION

3.1. ACCOUNTING POLICIES

A. *Consolidation policies*

1) Consolidation methods

The generic name PSA 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 a significant influence are included in the consolidated financial statements using the equity method.

Pursuant to IFRS 11, joint operations must 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.

Except specific situations, companies meeting any of the following minimum requirements have been consolidated:

- 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 policies described in Note 12.8. 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.

2) 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 of IFRS 3 (revised). The residual goodwill represents anticipated post-acquisition cash flows due to synergies in addition to the assets and liabilities recognised on initial consolidation. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

In the event of a price adjustment in the 12 months following the acquisition date, the provisional initial assessment is adjusted against goodwill. Any subsequent adjustment is recognised as debt or credit against profit or loss.

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 (see Note 8.3).

3) Goodwill on companies at equity

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.

4) Other changes in scope of consolidation

Any change in ownership interests resulting in the loss of control of an entity is recognised under non-recurring operating income (loss) (if material) as a disposal of the whole entity immediately followed by an investment in the remaining interest.
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.

B. *Conversion methods*

1) 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

Certain subsidiaries outside the euro zone carry out most of their transactions in euros or US dollars, which is accordingly recognised as their functional 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.

The Group does not operate in hyperinflationary countries within the meaning of ***IAS 21 – The Effects of Changes in Foreign Exchange Rates***.

2) Translation of transactions in foreign currencies

In compliance with IAS 21, 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.

3.2. COMPOSITION OF THE GROUP

The Group consists of the Peugeot S.A. holding company, listed on Euronext, and its affiliates. Significant subsidiaries are consolidated in accordance with Note 3.1.

The Group's operations are organised around three main segments (see Note 4):

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands. It mainly comprises wholly owned subsidiaries, as well as jointly controlled subsidiaries for the production of vehicles or subassemblies in Europe and for industrial and commercial activities in China. These jointly controlled subsidiaries are consolidated in accordance with IFRS 11 (see Note 3.1);
- the Automotive Equipment Division, corresponding to the Faurecia Group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies. Faurecia is listed on Euronext. Following the conversion of the OCEANE bonds, Peugeot S.A. holds 46.62% of Faurecia's capital and 63.21% of its voting rights. The exercise of the dilutive instruments issued by Faurecia would have no impact on the Group's exclusive control;
- the Finance Division, corresponding to the Banque PSA Finance Group, which provides retail financing to customers of the Peugeot, Citroën and DS brands and wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. In 2014, Banque PSA Finance and Santander Consumer Finance signed a framework agreement for the establishment of a partnership whose scope was extended in June 2015 (see Note 1.1). This partnership covers most Banque PSA Finance's business. In 2015, the partnerships with Santander are operational in several countries and are now consolidated using the equity method.

The Group's other activities are housed under "Other businesses", which notably includes the Peugeot S.A. holding company, and minority stakes in GEFCO as well as in Peugeot Scooters both consolidated by the equity method.

	31 December 2015	31 December 2014
Fully consolidated companies		
Manufacturing and sales companies	295	304
Finance companies	36	54
	331	**358**
Joint operations		
Manufacturing and sales companies	3	3
Companies at equity		
Manufacturing and sales companies	49	45
Finance companies	19	1
	68	**46**
CONSOLIDATED COMPANIES	**402**	**407**

Main changes in the scope of consolidation during the year

Excluding the transactions related to the partnership with Santander (see Note 3.3.A), the main acquisitions and disposals during the half-year are as follows:

- on 19 January 2015, the Group signed a strategic partnership agreement with Mahindra & Mahindra Group (M&M), under the terms of which the Group lost the exclusive control of Peugeot Motorcycles, which is now consolidated by the equity method in the proportion of 49%;
- on 31 March 2015, the Group sold the design and manufacturing of industrial tools business housed in PCI-SCEMM;
- on 31 March 2015, the Group acquired Mister Auto. This company was not consolidated at 31 December 2015.

Changes in the scope of consolidation during 2015 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

3.3. ASSETS AND OPERATIONS HELD FOR SALE OR TO BE CONTINUED IN PARTNERSHIP

A non-current asset or disposal group (operations) is classified as held for sale or to be continued in partnership when its carrying amount will be recovered principally through a sale transaction or inclusion in a partnership 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 to be continued in partnership 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 or continued in partnership.

Such assets and related liabilities are presented on separate headings under other Group assets and liabilities: "Assets held for sale or to be continued in partnership" and "Liabilities related to assets held for sale to be continued in partnership".

The items in the income statement, statement of cash flows and other comprehensive income relating to assets held for sale or to be continued in partnership are presented separately in the consolidated financial statements for all periods presented.

These principles have been applied in 2014 and in 2015 to the partnerships with Santander and to the Automotive Exteriors business of Faurecia, and in 2014 to Peugeot Scooters' operations.

A. Partnership with Santander

Banque PSA Finance and Santander Consumer Finance (Santander CF) announced on 10 July 2014 the signing of a framework agreement on the establishment of a partnership covering 11 European countries. In 2014, pursuant to IFRS 5, the assets and liabilities held for sale or to be continued in partnership were reclassified to specific items in the financial statements (see Note 3.3 to the 2014 financial statements).

The partnership was implemented in a number of countries in 2015: in France and the United Kingdom on 2 February, and in Spain and Switzerland on 2 October. Since then, these activities have operated in the form of joint ventures, accounted for using the equity method on the basis of a 50% share. These companies were previously fully consolidated.

EMTN (euro medium-term notes) and MTN (medium-term notes) debt securities and most of the bank borrowings that ensure the refinancing of assets to be transferred are not transferred. They are included in a specific item, "Non-transferred financing liabilities of operations to be continued in partnership". Wherever possible, the Group plans to prepay these debts. Certain undrawn credit facilities will also be terminated early (see Note 13.4.G). The adjustments to financing liabilities and associated financial security carried out in 2015 are described in Note 13.4. The impact in 2015 was an expense of €10 million.

In 2015, the partnership with Santander was extended to the Brazilian operations and the loan book of the Retail business in Spain and Italy. As a result, in 2015 the reclassifications were supplemented and a €60 million remeasurement expense recognised. For the 2014 financial statements, presented for the purposes of comparison, the income statement and the statement of cash flows were adjusted. They are presented below. However, in accordance with IFRS 5, the 2014 balance sheets were not adjusted.

Accordingly to the reclassifications, operations to be continued in partnership and the related funding are no longer included in recurring operating income (loss). Income and expenses are classified in the following items:

- profit (loss) from operations to be continued in partnership;
- other expenses related to the non-transferred financing of operations to be continued in partnership.

1) Details of reclassifications in the consolidated income statements

2014 *(in million euros)*	Finance Division at 100%	Reclassification of the full scope	Finance Division reported(1)
Sales and revenue	**1,703**	**(1,403)**	**300**
Cost of goods and services sold	(967)	820	(147)
Selling, general and administrative expenses	(399)	342	(57)
Recurring operating income (loss)	**337**	**(241)**	**96**
Non-recurring operating income and expenses	(2)	2	-
Net financial income (expense)	(8)	3	(5)
Income taxes	(121)	21	(100)
Share in net earnings of companies at equity	12	-	12
Other expenses related to the non-transferred financing of operations to be continued in partnership(2)	-	(300)	(300)
Consolidated profit (loss) from continuing operations	**218**	**(515)**	**(297)**
Profit (loss) from operations to be continued in partnership(3)	-	387	387
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**218**	**(128)**	**90**

(1) Financial statements restated in accordance with IFRS 5 as comparison since July 2015.
(2) These charges relate to the financing debts of activities to be transferred included a negative €16 million adjustment value related to the Santander partnership.
(3) Included a negative €112 million adjustment value related to the Santander partnership of which a €75 million depreciation of the Banque PSA Finance goodwill.

2015 *(in million euros)*	Finance Division at 100%	Implementation of the partnership in 2015	Reclassification of operations still to be transferred	Finance Division reported(1)
Sales and revenue	**1,601**	**(648)**	**(686)**	**267**
Cost of goods and services sold	(606)	135	317	(154)
Selling, general and administrative expenses	(481)	191	181	(109)
Recurring operating income (loss)	**514**	**(322)**	**(188)**	**4**
Non-recurring operating income and expenses	(23)	-	25	2
Net financial income (expense)	4	-	(4)	-
Income taxes	(148)	98	31	(19)
Share in net earnings of companies at equity	11	112	-	123
Other expenses related to the non-transferred financing of operations to be continued in partnership(2)	-	-	(114)	(114)
Consolidated profit (loss) from continuing operations	**358**	**(112)**	**(250)**	**(4)**
Profit (loss) from operations to be continued in partnership(3)	-	-	179	179
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**358**	**(112)**	**(71)**	**175**

(1) Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2015 and at 31 December 2015).
(2) These charges relate to the financing debts of activities to be transferred including a negative €10 million adjustment value related to the Santander partnership.
(3) Included a negative €60 million adjustment value related to the Santander partnership.

2) Effect of the extension of the scope of the partnership with Santander Consumer Finance

STATEMENT OF INCOME

2014 *(in million euros)*	Finance Division at 100%	Initial scope of the partnership	2014 reported in February 2015	Additional scope of the partnership	2014 reported in July 2015
Sales and revenue	**1,703**	**(1,075)**	**628**	**(328)**	**300**
Recurring operating income (loss)	**337**	**(211)**	**126**	**(30)**	**96**
Operating income (loss)	**335**	**(212)**	**123**	**(27)**	**96**
Net financial income (expense)	(8)	-	(8)	3	(5)
Income taxes	(121)	34	(87)	(13)	(100)
Share in net earnings of companies at equity	12	-	12	-	12
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	(251)	(251)	(49)	(300)
Consolidated profit (loss) from continuing operations	**218**	**(429)**	**(211)**	**(86)**	**(297)**
Profit (loss) from operations to be continued in partnership	-	301	301	86	387
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**218**	**(128)**	**90**	**-**	**90**

BALANCE SHEETS

31 December 2014 *(in million euros)*	Finance Division at 100%	Reclassification of the initial scope	At 31 December 2014 reported in February 2015	Reclassification of the additional scope	At 31 December 2014 after complete declassification
Loans and receivables – finance companies	21,060	(16,982)	4,078	(3,249)	829
Cash and cash equivalents	2,061	(451)	1,610	(279)	1,331
Short-term investments – finance companies	991	(799)	192	(28)	164
Investments in companies at equity	104	-	104	-	104
Other current and non-current assets	869	(365)	504	(254)	250
Total assets of continuing operations	**25,085**	**(18,597)**	**6,488**	**(3,810)**	**2,678**
Total assets of operations to be continued in partnership	**-**	**18,529**	**18,529**	**3,810**	**22,339**
TOTAL ASSETS	**25,085**	**(68)**	**25,017**	**-**	**25,017**
Financing liabilities – finance companies	20,523	(16,192)	4,331	(3,510)	821
Other current and non-current liabilities	1,302	(940)	362	(90)	272
Non-transferred financing liabilities of operations to be continued in partnership	-	8,677	8,677	2,045	10,722
Total liabilities of continuing operations	**21,825**	**(8,455)**	**13,370**	**(1,555)**	**11,815**
Total transferred liabilities of operations to be continued in partnership	**-**	**8,508**	**8,508**	**1,555**	**10,063**
TOTAL LIABILITIES*	**21,825**	**53**	**21,878**	**-**	**21,878**

* *Excluding equity.*

3) Implementation of the partnership with Santander Consumer Finance in 2015

(in million euros)	At 31 December 2014 after complete declassification	Implementation of the partnership in France, Spain, Switzerland and the UK		Rescheduling of the financing	Reduction of equity through payment of dividends	Other changes	At 30 December 2015 reported
		Reconsolidation and equity method	Repayment of the financing by the Joint Ventures				
Loans and receivables – finance companies	829	(71)	-	-	-	(290)	468
Cash and cash equivalents	1,331	657	7,127	(4,890)	(918)	(2,821)	486
Investments in companies at equity	104	785	-	-	-	92	981
Short-term investments – finance companies	164	-	-	-	-	(68)	96
Other current and non-current assets	250	18	-	-	-	25	293
Total assets of continuing operations	**2,678**	**1,389**	**7,127**	**(4,890)**	**(918)**	**(3,062)**	**2,324**
Total assets of operations to be continued in partnership	**22,339**	**(15,703)**	**-**	**-**	**-**	**412**	**7,048**
TOTAL ASSETS	**25,017**	**(14,314)**	**7,127**	**(4,890)**	**(918)**	**(2,650)**	**9,372**
Financing liabilities – finance companies	821	-	-	-	-	(296)	525
Other current and non-current liabilities	272	-	-	-	-	21	293
Non-transferred financing liabilities of operations to be continued in partnership	10,722	-	-	(4,890)	-	(3,228)	2,604
Total liabilities of continuing operations	**11,815**	**-**	**-**	**(4,890)**	**-**	**(3,503)**	**3,422**
Total transferred liabilities of operations to be continued in partnership	**10,063**	**(14,314)**	**7,127**	**-**	**-**	**747**	**3,623**
TOTAL LIABILITIES*	**21,878**	**(14,314)**	**7,127**	**(4,890)**	**-**	**(2,756)**	**7,045**

* *Excluding equity.*

The deconsolidation of the assets and liabilities of subsidiaries France, the United Kingdom, Spain and Switzerland continued as joint ventures (€15,703 million and €14,314 million respectively) was offset by cash received from Santander for the acquisition of shares (€657 million) and the value of joint ventures kept by the Group (€785 million).

The repayment by joint ventures of financing provided by the Group amounted to €7,127 million.

The Group's external refinancing debts were repaid over the period in the amount of €4,890 million.

Equity was reduced by the payment of dividends in the amount of €918 million.

B. *Disposal by Faurecia of the Automotive Exteriors business*

Faurecia has signed a Memorandum of Understanding for the sale of its Automotive Exteriors business worldwide to Compagnie Plastic Omnium. The business that would be sold, which is comprised of bumpers and front end modules, had sales of €2 billion in 2014 and employs 7,700 people in 22 sites. The transaction is based on an Enterprise Value of €665 million.

1) Details of reclassifications in the consolidated income statements of the manufacturing and sales activities

2014 *(in million euros)*	**Reported in February 2015**	**IFRS 5 impact**	**Reported in February 2016**
Sales and revenue	**53,019**	**(1,709)**	**51,310**
Cost of goods and services sold	(44,445)	1,542	(42,903)
Selling, general and administrative expenses	(5,770)	89	(5,681)
Research and development expenses	(2,025)	-	(2,025)
Recurring operating income (loss)	**779**	**(78)**	**701**
Non-recurring operating income and expenses	(679)	6	(673)
Net financial income (expense)	(755)	5	(750)
Income taxes	(226)	20	(206)
Share in net earnings of companies at equity	270	4	274
Consolidated profit (loss) from continuing operations	**(611)**	**(43)**	**(654)**
Profit (loss) from operations held for sale	(34)	43	9
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**(645)**	**-**	**(645)**

2015 *(in million euros)*	**Before IFRS 5 reclassification**	**IFRS 5 impact**	**Reported in February 2016**
Sales and revenue	**56,078**	**(1,652)**	**54,426**
Cost of goods and services sold	(45,853)	1,481	(44,372)
Selling, general and administrative expenses	(5,536)	69	(5,467)
Research and development expenses	(1,877)	19	(1,858)
Recurring operating income (loss)	**2,812**	**(83)**	**2,729**
Non-recurring operating income and expenses	(760)	1	(759)
Net financial income (expense)	(635)	(7)	(642)
Income taxes	(704)	17	(687)
Share in net earnings of companies at equity	314	-	314
Consolidated profit (loss) from continuing operations	**1,027**	**(72)**	**955**
Profit (loss) from operations held for sale	-	72	72
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**1,027**	**-**	**1,027**

2) Details of reclassifications in the balance sheets of the manufacturing and sales activities

2014 *(in million euros)*	Reported in February 2015	IFRS 5 impact[1]	After IFRS 5 reclassification[1]
Goodwill	1,505	(126)	1,379
Intangible assets and property, plant and equipment	15,111	(275)	14,836
Deferred tax assets	529	(7)	522
Other current and non-current assets	11,235	(199)	11,036
Cash and cash equivalent	8,477	(4)	8,473
Total assets of continuing operations	**36,857**	**(611)**	**36,246**
Total assets of operations held for sale	**167**	**611**	**778**
TOTAL ASSETS	**37,024**	**-**	**37,024**
Current and non-current provisions	4,331	(27)	4,304
Other non-current liabilities	10,096	(21)	10,075
Other current liabilities	15,281	(370)	14,911
Total liabilities of continuing operations	**29,708**	**(418)**	**29,290**
Total transferred liabilities of operations held for sale	**37**	**418**	**455**
TOTAL LIABILITIES[2]	**29,745**	**-**	**29,745**

(1) For reference, the 2014 balance sheet was presented following reclassification of operations held for sale.
(2) Excluding equity.

2015 *(in million euros)*	Before IFRS 5 reclassification	IFRS 5 impact	Reported in February 2016
Goodwill	1,522	(141)	1,381
Intangible assets and property, plant and equipment	15,871	(273)	15,598
Deferred tax assets	558	(8)	550
Other current and non-current assets	11,962	(191)	11,771
Cash and cash equivalent	10,468	(3)	10,465
Total assets of continuing operations	**40,381**	**(616)**	**39,765**
Total assets of operations held for sale	**-**	**616**	**616**
TOTAL ASSETS	**40,381**	**-**	**40,381**
Current and non-current provisions	4,348	(26)	4,322
Other non-current liabilities	8,721	(15)	8,706
Other current liabilities	17,420	(360)	17,060
Total liabilities of continuing operations	**30,489**	**(401)**	**30,088**
Total transferred liabilities of operations held for sale	**-**	**401**	**401**
TOTAL LIABILITIES*	**30,489**	**-**	**30,489**

* *Excluding equity.*

3) Details of reclassifications in the statements of cash flows of the manufacturing and sales activities

2014 *(in million euros)*	Reported in February 2015	IFRS 5 impact	Reported in February 2016
Funds from operations	**2,126**	**(88)**	**2,038**
Changes in working capital	1,752	(62)	1,690
Net cash from (used in) operating activities of continuing operations	**3,878**	**(150)**	**3,728**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	-	-	-
Acquisition and proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	(61)	-	(61)
Proceeds from disposals of property, plant and equipment and of intangible assets	204	(1)	203
Investments in property, plant and equipment and investments in intangible assets	(2,413)	52	(2,361)
Other	(44)	4	(40)
Net cash from (used in) investing activities of continuing operations	**(2,314)**	**55**	**(2,259)**
Dividends paid:			
› Intragroup	228	-	228
› To minority shareholders of subsidiaries	(58)	-	(58)
Proceeds from issuance of shares	2,961	-	2,961
Changes in other financial assets and liabilities/(Purchases) sales of treasury shares	(2,456)	28	(2,428)
Net cash from (used in) financing activities of continuing operations	**675**	**28**	**703**
Net cash from assets and liabilities of operations held for sale	**(20)**	**67**	**47**
Effect of changes in exchange rates	47	-	47
Increase (decrease) in cash from continuing operations and held for sale	**2,266**	**-**	**2,266**
Net cash and cash equivalents at beginning of period	**6,161**	-	**6,161**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**8,427**	**-**	**8,427**

2015 *(in million euros)*	Before IFRS 5 reclassification	IFRS 5 impact	Reported in February 2016
Funds from operations	**4,598**	**(108)**	**4,490**
Changes in working capital	965	(23)	942
Net cash from (used in) operating activities of continuing operations	**5,563**	**(131)**	**5,432**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	29	2	31
Acquisition and proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies	(120)	-	(120)
Proceeds from disposals of property, plant and equipment and of intangible assets	91	(3)	88
Investments in property, plant and equipment and investments in intangible assets	(3,016)	67	(2,949)
Other	257	1	258
Net cash from (used in) investing activities of continuing operations	**(2,759)**	**67**	**(2,692)**
Dividends paid:			
› Intragroup	918	-	918
› To minority shareholders of subsidiaries	(85)	-	(85)
Proceeds from issuance of shares	199	-	199
Changes in other financial assets and liabilities/(Purchases) sales of treasury shares	(1,684)	8	(1,676)
Net cash from (used in) financing activities of continuing operations	**(652)**	**8**	**(644)**
Net cash from assets and liabilities of operations held for sale	**-**	**42**	**42**
Effect of changes in exchange rates	(126)	14	(112)
Increase (decrease) in cash from continuing operations and held for sale	**2,026**	**-**	**2,026**
Net cash and cash equivalents at beginning of period	**8,427**	**-**	**8,427**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**10,453**	**-**	**10,453**

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 Group's main performance indicator is recurring operating income.

The definition of operating sectors is provided in Note 3.2.

For internal reporting, the Finance Division's full data is given at 100%. It represents the consolidation of all the entities of the Finance Division by global integration or at equity, before the impact of IFRS 5. The "Reconciliation" column provides a link with the presentation given in the consolidated income statement.

4.1. BUSINESS SEGMENTS

The balances for each segment shown in the table below are on a stand-alone basis. 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. 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 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.

The 100% column for the Automotive Equipment Division corresponds to the data prior to the application of IFRS 5.

The 100% column for the Finance Division corresponds to the data prior to the application of IFRS 5 and in 2015 with the full consolidation of the joint ventures with Santander.

(in million euros)	2015						
				Finance companies			
	Automotive	Automotive equipment	Other	100%	Reconciliation	Eliminations and unallocated[1]	Total
Sales and revenue							
› third parties	37,510	16,915	1	1,246	(996)	-	54,676
› intragroup, intersegment	4	1,855	109	355	-	(2,323)	-
Total[2]	**37,514**	**18,770**	**110**	**1,601**	**(996)**	**(2,323)**	**54,676**
Recurring operating income (loss)	**1,871**	**830**	**28**	**514**	**(510)**	**-**	**2,733**
Non-recurring operating income	130	11	-	2	-	-	143
Restructuring costs	(734)	(57)	(2)	(4)	4	-	(793)
Impairment of CGUs, provisions for onerous contracts and other	(88)	(5)	-	-	-	-	(93)
Other non-recurring operating income and (expenses), net	-	(14)	-	(21)	21	-	(14)
Operating income (loss)	**1,179**	**765**	**26**	**491**	**(485)**	**-**	**1,976**
Interest income		5		-	-	182	187
Finance costs		(182)		-	-	(357)	(539)
Other financial income		59		(2)	(5)	49	101
Other financial expenses		(32)		6	1	(366)	(391)
Net financial income (expense)	**-**	**(150)**	**-**	**4**	**(4)**	**(492)**	**(642)**
Income taxes expense		(186)		(148)	129	(501)	(706)
Share in net earnings of companies at equity	302	13	(1)	11	112	-	437
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(114)	-	(114)
Consolidated profit (loss) from continuing operations		**442**		**358**	**(362)**		**951**
Profit (loss) from operations held for sale or to be continued in partnership	**-**	**61**	**11**	**-**	**179**	**-**	**251**
Consolidated profit (loss) for the period		**503**		**358**	**(183)**		**1,202**
Capital expenditure (excluding sales with a buyback commitment)	**2,018**	**931**	**-**	**33**	**(14)**		**2,968**
Depreciation and amortisation	**(2,007)**	**(612)**	**-**	**(21)**	**4**		**(2,636)**

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€338 million).
(2) Of which a turnover of €36,535 million for manufacturer's activity of the Automotive Division.

In 2015, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €1,065 million. Net provision expense (cost of risk) amounted to €69 million in 2015.

In 2015, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €113 million. Net provision expense (cost of risk) amounted to €1 million in 2015.

	2014						
				Finance companies			
(in million euros)	Automotive	Automotive equipment	Other	100%	Reconciliation	Eliminations and unallocated[1]	Total
Sales and revenue							
› third parties	36,084	15,224	2	1,341	(1,059)	-	51,592
› intragroup, intersegment	1	1,653	98	362	-	(2,114)	-
Total[2]	**36,085**	**16,877**	**100**	**1,703**	**(1,059)**	**(2,114)**	**51,592**
Recurring operating income (loss)	**63**	**595**	**37**	**337**	**(241)**	**6**	**797**
Non-recurring operating income	220	8	3	1	(1)	-	231
Restructuring costs	(682)	(73)	-	(3)	3	-	(755)
Impairment of CGUs, provisions for onerous contracts and other	(134)	-	-	-	-	-	(134)
Other non-recurring operating income and (expenses), net	-	(15)	-	-	-	-	(15)
Operating income (loss)	**(533)**	**515**	**40**	**335**	**(239)**	**6**	**124**
Interest income		-		-	-	120	120
Finance costs		(199)		-	-	(460)	(659)
Other financial income		3		-	-	82	85
Other financial expenses		(43)		(8)	3	(253)	(301)
Net financial income (expense)	**-**	**(239)**	**-**	**(8)**	**3**	**(511)**	**(755)**
Income taxes expense		(95)		(121)	21	(111)	(306)
Share in net earnings of companies at equity	264	5	5	12	-	-	286
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(300)	-	(300)
Consolidated profit (loss) from continuing operations		**186**		**218**	**(515)**		**(951)**
Profit (loss) from operations held for sale or to be continued in partnership	**-**	**43**	**(34)**	**-**	**387**	**-**	**396**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD		**229**		**218**	**(128)**		**(555)**
Capital expenditure (excluding sales with a buyback commitment)	**1,574**	**787**	**-**	**25**	**(11)**		**2,375**
Depreciation and amortisation	**(1,851)**	**(509)**	**-**	**(22)**	**12**		**(2,370)**

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€344 million).
(2) Of which a turnover of €35,348 million for manufacturer's activity of the Automotive Division.

In 2014, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €851 million. Net provision expense (cost of risk) for the year amounted to €116 million.

In 2014, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €167 million. Net provision expense (cost of risk) for the year amounted to €14 million.

4.2. GEOGRAPHICAL SEGMENTS

The indicators provided by region are revenue broken down by customer marketing area and property, plant and equipment broken down by geographic location of the consolidated companies.

	2015							
(in million euros)	Europe	Eurasia	China & South-Asia	India Pacific	Latin America	Middle East & Africa	North America	Total
Sales and revenue	38,704	348	3,724	922	3,616	2,638	4,724	54,676
Property, plant and equipment	9,467	142	361	90	373	54	407	10,894

(in million euros)	2014							
	Europe	Eurasia	China & South-Asia	India Pacific	Latin America	Middle East & Africa	North America	Total
Sales and revenue	35,791	848	3,830	1,100	3,783	2,367	3,873	51,592
Property, plant and equipment	9,580	160	265	70	348	49	359	10,831

NOTE 5 OPERATING INCOME

Operating income corresponds to profit (loss)[(1)] 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 and not included in the Group's recurring 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 5.4):

- 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.

Selling, general and administrative expenses

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

5.1. SALES AND REVENUE

A. Accounting policies

1) Manufacturing and sales companies

a) Automotive Division

Sales and revenue include mainly 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.

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.

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 5.3.A) and tooling in property, plant and equipment (see Note 8.2.A).

(1) *Consolidated profit (loss) from continuing operations, excluding "other expenses related to the non-transferred financing of operations to be continued in partnership".*

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.

2) Finance Division

The Group's finance companies and the finance companies in partnership 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. 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.

The revenue in the Group's income statement is limited to the businesses that have not been transferred or that are to be transferred to the joint ventures with Santander (see Note 3.3.A). The revenue presented at 100% in Note 4.1 includes all these financing activities.

B. Key figures

(in million euros)	2015	2014
Sales of vehicles and other goods	53,062	49,869
Service revenue	1,364	1,441
Financial services revenue	250	282
TOTAL	**54,676**	**51,592**

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 8.2.C.

Financial services revenue corresponds for the most part to interest income, insurance premiums and other gross revenues.

5.2. RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Broken down by type, operating expenses include staff costs and the depreciation or amortisation of intangible assets and property, plant and equipment, explained below. 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 included in the Recurring Operating Income are as follows:

(in million euros)	2015	2014
Automotive Division(1)	(4,999)	(5,381)
Automotive Equipment Division(2)	(3,036)	(2,774)
Finance Division(3)	(10)	(9)
Other businesses	(97)	(81)
TOTAL	**(8,142)**	**(8,245)**

(1) Including €4,390 million representing personnel expenses of manufacturing activities (€4,751 million in 2014).
(2) €352 million representing personnel expenses reclassified in activities to be sold or continued in partnership (€329 million in 2014).
(3) €75 million representing personnel expenses reclassified in activities to be sold or continued in partnership or to be sold (€144 million in 2014).

The Competitiveness and Employment Tax Credit (CICE) has been deducted from personnel expenses in the amount of €108 million (€108 million in 2014).

Details of pension costs are disclosed in Note 7.

Depreciation and amortisation expense

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2015	2014
Capitalised development expenditure	(778)	(742)
Other intangible assets	(95)	(73)
Specific tooling	(651)	(564)
Other property, plant and equipment	(1,112)	(991)
TOTAL	**(2,636)**	**(2,370)**

5.3. RESEARCH AND DEVELOPMENT EXPENSES

A. Accounting policies

Research and development expenses include the cost of scientific and technical activities, industrial property, and the education and training necessary for the development, production or implementation and marketing of new or substantially improved materials, methods, products, processes, systems or services.

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 12.2.A).

Expenses for the year include research costs, non-capitalised study and development costs under the above criteria, and the amortisation of capitalised development costs.

1) 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 and modules. 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, when they are meeting capitalisation criteria. All development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and capitalised.

2) 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.

B. Research and development expenses, net

(in million euros)	Notes	2015	2014
Total expenditure(1)		(2,249)	(2,250)
Capitalised development expenditure(2)		1,163	963
Non-capitalised expenditure		**(1,086)**	**(1,287)**
Amortisation of capitalised development expenditure	*8.1*	(772)	(738)
TOTAL		**(1,858)**	**(2,025)**

(1) Including €374 million for Faurecia (€376 million in 2014).
(2) In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 (Revised) - "Borrowing Costs" (see Note 12.2.A).

The amounts presented in the above table are stated net of research funding received by the Group.

5.4. NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	Notes	2015	2014
Net gains on disposals of real estate assets		47	119
Reversal of impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts	*8.3.B*	86	101
Other non-recurring operating income		10	11
Total non-recurring operating income		**143**	**231**
Impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts	*8.3.B*	(88)	(134)
Impairment loss on Other businesses CGUs		(5)	-
Restructuring costs	*5.4.B*	(793)	(755)
Other non-recurring operating expenses		(14)	(15)
Total non-recurring operating expenses		**(900)**	**(904)**

A. Impairment test on Automotive Division CGUs and provisions for Automotive Division onerous contracts

The detail of impairment testing, provisions for onerous contracts and other impairment is disclosed in Note 8.3.

B. Restructuring costs

Restructuring costs consist mainly of workforce reductions.

(in million euros)	2015	2014
Automotive Division	(734)	(681)
Automotive Equipment Division	(57)	(74)
Other businesses	(2)	-
TOTAL	**(793)**	**(755)**

Automotive Division

In 2015, Automotive Division restructuring costs amounted to €734 million.

They relate chiefly to the recognition of the restructuring plans covering the Group’s industrial sites in Europe (Jobs and Skills Matching System –DAEC-, Jobs and Skills Reallocation Plan -PREC-, Employment Safeguarding Plan -PSE- and older employee plans) in the amount of €560 million and the reorganisation of its commercial operations in Europe in the amount of €123 million. Other restructuring costs relate mainly to the Group’s subsidiaries in Latin America in the amount of €47 million.

Automotive Equipment Division (Faurecia Group)

In 2015, Faurecia Group restructuring costs totalled €57 million, including €55 million in provisions for redundancy costs, mainly in France, Germany and Spain.

NOTE 6 REQUIREMENTS IN WORKING CAPITAL OF MANUFACTURING AND SALES COMPANIES

6.1. 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.

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.

	31 December 2015			31 December 2014		
(in million euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	787	(135)	652	781	(137)	644
Semi-finished products and work-in-progress	779	(30)	749	789	(23)	766
Goods for resale and used vehicles	796	(108)	688	892	(140)	752
Finished products and replacement parts	2,058	(151)	1,907	2,198	(166)	2,032
TOTAL	**4,420**	**(424)**	**3,996**	**4,660**	**(466)**	**4,194**

6.2. 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.

In segment reporting, this rule also applies to the Automotive Division debts transferred to the Group's finance companies and to the finance companies in partnership.

(in million euros)	31 December 2015	31 December 2014
Trade receivables	1,796	1,550
Allowances for doubtful accounts	(172)	(175)
Total – manufacturing and sales companies	**1,624**	**1,375**
Elimination of transactions with the finance companies	(69)	(157)
TOTAL	**1,555**	**1,218**

Assignments of trade receivables to financial institutions are disclosed in Note 12.6.F.

6.3. OTHER RECEIVABLES AND OTHER PAYABLES

A. *Other receivables*

(in million euros)	31 December 2015	31 December 2014
State, regional and local taxes excluding income tax*	982	953
Personnel-related payables	40	44
Due from suppliers	167	167
Derivative instruments	72	76
Prepaid expenses	298	267
Miscellaneous other receivables	157	155
TOTAL	**1,716**	**1,662**

* *In 2015, the Group sold €122 million worth of French research tax credits and €108 million worth of French competitiveness and employment tax credits (see Note 12.6.F).*

B. *Other payables*

(in million euros)	31 December 2015	31 December 2014
Taxes payable other than income taxes	673	669
Personnel-related payables	997	983
Payroll taxes	404	424
Payable on fixed asset purchases	361	229
Customer prepayments	1,369	719
Derivative instruments*	56	90
Deferred income	544	558
Miscellaneous other payables	402	442
TOTAL	**4,806**	**4,114**

* *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 12.7.A, "Management of financial risks".*

6.4. CHANGE IN WORKING CAPITAL REQUIREMENTS OF MANUFACTURING AND SALES COMPANIES

A. *Analysis of the Change in working capital*

(in million euros)	2015	2014
(Increase) decrease in inventories	(14)	1,271
(Increase) decrease in trade receivables	76	394
Increase (decrease) in trade payables	863	5
Change in income taxes	(11)	47
Other changes	28	(27)
	942	**1,690**
Net cash flows with Group finance companies	*12*	*50*
TOTAL	**954**	**1,740**

B. Analysis of the change in balance sheet items

1) Analysis by type

2015 *(in million euros)*	At 1 January	At 31 December
Inventories	(4,194)	(3,996)
Trade receivables	(1,375)	(1,624)
Trade payables	8,177	8,858
Income taxes	10	51
Other receivables	(1,662)	(1,716)
Other payables	4,114	4,806
	5,070	**6,379**
Net cash flows with Group finance companies	*11*	*23*
TOTAL	**5,081**	**6,402**

2) Movements of the year

(in million euros)	2015	2014
At 1 January	**5,070**	**3,151**
IFRS 5 declassification	(131)	93
Cash flows from operating activities	1,137	1,852
Cash flows from investing activities	138	(74)
Changes in scope of consolidation and other	62	29
Translation adjustment	79	96
Revaluations taken to equity	24	(77)
AT 31 DECEMBER	**6,379**	**5,070**

The change in working capital in the consolidated statement of cash flows at 31 December 2015 (€942 million positive effect) corresponds to cash flows from operating activities (€1,137 million positive effect), exchange differences (€130 million negative effect), change in the ineffective portion of currency options (€101 million negative effect) and other movements (€36 million positive effect).

	2015	2014
Cash flows from operating activities of manufacturing and sales companies	**1,137**	**1,852**
Exchange differences	(130)	(120)
Change in the ineffective portion of currency options	(101)	(42)
Other changes	36	-
Change in working capital in the statement of cash flows	**942**	**1,690**

NOTE 7 EMPLOYEE BENEFITS EXPENSE

7.1. 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. These benefits are paid under defined contribution and defined benefit plans.

For defined contribution plans, contributions made during the year are expensed.

In accordance with ***IAS 19 – Employee Benefits***, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. The main assumptions underpinning the measurement of the commitment are the retirement date, wage increases and staff turnover, and a discount rate and an inflation rate.

The projected benefit obligation is measured twice a year for the main plans, at mid-year and at year-end, 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 actuarial gains and losses are recorded under "income (expense) recognised in equity", and are not recyclable in the income statement.

In the event of change in the benefits conferred by a pension plan, the effects of changes are recognised in full in the income statement of the period in which they are incurred, in "operating income" under "past service cost".

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.

These pension surpluses constituted by the Group are recognized in the balance sheet according to the IFRIC 14 interpretation.

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");
- the accretion expense of the net commitment of the return on plan hedging assets (in financial income and expense). These two components (accretion and return on assets) are determined based on the discount rate of commitments.

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries;
- healthcare costs paid by certain subsidiaries in the United States.

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:

- the retirement bonuses provided for by collective bargaining agreements;
- 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 2,600 retired employees);
- 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 12,700 retired employees at end-2015;
- the closed Citroën supplementary plan (ACC) that covered 4,900 retired employees at end-2015.

Members of the management bodies enjoyed a defined benefit supplementary pension plan guaranteeing a supplementary pension of up to at most 30% of the reference compensation. On the basis of a proposal by the Chairman of the Managing Board, in December 2015 the Supervisory Board of Peugeot S.A. took the decision to terminate this plan. A new defined contribution pension plan comes into effect from 1 January 2016. This means that the Company will no longer offer guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance.

In 2015, this change in plan generated income of €34 million in the form of a provision reversal, net of plan switching costs. The Managing Board decided to pay out this €34 million to all employees in the form of discretionary profit-sharing, expensed in 2015.

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 2015, 19,700 beneficiaries were covered by these plans, including 700 active employees, 7,500 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 all Faurecia managerial employees in France comprises a defined benefit granting a rent relating to salary tranche C. A specific pension scheme dedicated to the Executive Committee members has been implemented in 2015. This new scheme, defined benefit plan for French members and defined contribution plan for foreign members, grants to each beneficiary, based on final salary, a level of annual rent determined according to the group operational result and the budget approved by the Board of Directors.

B. Assumptions

	Euro zone	United-Kingdom
Discount Rate		
2015	**2.30%**	**3.85%**
2014	1.85%	3.60%
Inflation Rate		
2015	**1.80%**	**3.00%**
2014	1.80%	3.00%
Average Duration *(in years)*		
2015	**11**	**16**
2014	12	14

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).

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 individual pay rise according to the employee's age. The assumption for UK plans is inflation plus 1%.

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 discount rate and in the 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	-2.83%	2.99%
United Kingdom	-3.37%	3.16%

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 2015 of €10 million for French plans and €26 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 2015		31 December 2014	
	Equities	Bonds	Equities	Bonds
France	15%	85%	10%	90%
United Kingdom	20%	80%	20%	80%

The fair value of shares and bonds was at level 1 in 2015 and 2014.

In 2015, the actual return on external funds managed by the Group in France and by the pension trusts in the United Kingdom was +2.66% for the French funds and -0.53% for the UK funds. In France, equity funds consist of MSCI EMU Euro index tracker funds and international index tracker funds, while bond funds are invested in prime European government bonds, in European corporate bonds rated A or higher and in European inflation-linked government bonds.

In the United Kingdom, 40% of the equity portfolio are invested in FTSE All Share Index tracker funds. The remaining 60% are invested in funds that track the main UK, European, US and Japanese stock market indices. 75% of the bond portfolio are comprised of inflation-linked government bonds denominated in pounds sterling. The remaining 25% are comprised mainly of corporate bonds rated A or higher.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2015, no decision had been made as to the amount of contributions to be paid in 2016.

In the United Kingdom, the Group's annual contribution (excluding Faurecia) amounted to £30 million (€41 million) in 2015. It is estimated at £29 million (€39 million) for 2016, although this sum may change in light of the negotiations planned for 2016.

D. Movement for the year

EXCLUDING MINIMUM FUNDING REQUIREMENT (IFRIC 14)

	2015				2014			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Projected benefit obligation								
At beginning of period: Present value	**(1,872)**	**(2,090)**	**(763)**	**(4,725)**	**(1,629)**	**(1,838)**	**(655)**	**(4,122)**
Impact of the declassification of the commitments of operations to be continued in partnership	15	-	3	18	18	33	39	90
Service cost	(59)	(16)	(52)	(127)	(46)	(14)	(19)	(79)
Interest cost	(34)	(79)	(20)	(133)	(51)	(85)	(21)	(157)
Benefit payments for the year	80	96	70	246	102	81	39	222
Unrecognised actuarial gains and (losses):								
› amount	180	107	82	369	(245)	(135)	(139)	(519)
› *as a % of projected benefit obligation at beginning of period*	*9.6%*	*5.1%*	*10.7%*	*7.8%*	*15.0%*	*7.3%*	*21.2%*	*12.6%*
Past service cost	-	-	-	-	-	-	-	-
Effect of changes in exchange rates	-	(119)	(8)	(127)	-	(132)	(8)	(140)
Effect of changes in scope of consolidation and other	-	(3)	-	(3)	-	-	-	-
Effect of curtailments and settlements	126	8	18	152	(21)	-	1	(20)
AT PERIOD-END: PRESENT VALUE	**(1,564)**	**(2,096)**	**(670)**	**(4,330)**	**(1,872)**	**(2,090)**	**(763)**	**(4,725)**
External fund								
At beginning of period: Fair value	**1,043**	**2,566**	**285**	**3,894**	**1,030**	**2,067**	**307**	**3,404**
Impact of the declassification of the hedging assets of operations to be continued in partnership	(1)	-	-	(1)	(7)	(38)	(32)	(77)
Normative return on external funds	19	98	7	124	32	92	11	135
Actuarial gains and (losses):								
› amount	(41)	(105)	(5)	(151)	65	327	11	403
› *as a % of projected benefit obligation at beginning of period*	*3.9%*	*4.1%*	*1.8%*	*3.9%*	*6.3%*	*15.8%*	*3.6%*	*11.8%*
Translation adjustment	-	150	4	154	-	156	5	161
Employer contributions	10	44	17	71	22	45	13	80
Benefit payments for the year	(98)	(96)	(23)	(217)	(99)	(83)	(30)	(212)
Effect of changes in exchange rates	-	-	-	-	-	-	-	-
Effect of curtailments and settlements	-	-	-	-	-	-	-	-
AT PERIOD-END: FAIR VALUE	**932**	**2,657**	**285**	**3,874**	**1,043**	**2,566**	**285**	**3,894**

E. Reconciliation of balance sheet items

	2015				2014			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1,564)**	**(2,096)**	**(670)**	**(4,330)**	**(1,872)**	**(2,090)**	**(763)**	**(4,725)**
Fair value of external funds	932	2,657	285	3,874	1,043	2,566	285	3,894
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET BEFORE MINIMUM FUNDING REQUIREMENT (IFRIC 14)	**(632)**	**561**	**(385)**	**(456)**	**(829)**	**476**	**(478)**	**(831)**
Minimum funding requirement liability (IFRIC 14)	-	(38)	-	(38)	-	(25)	-	(25)
NET (LIABILITY) ASSET RECOGNISED IN THE BALANCE SHEET	**(632)**	**523**	**(385)**	**(494)**	**(829)**	**451**	**(478)**	**(856)**
Of which, liability (Note 10.2.A)	(656)	(38)	(397)	(1,091)	(836)	(50)	(478)	(1,364)
Of which, asset	24	561	12	597	7	501	-	508
Of which, unfunded plans	*2.1%*	*0.0%*	*10.3%*	*2.4%*	*1.0%*	*0.0%*	*10.6%*	*2.1%*

F. Expenses recognised in the income statement

These expenses are recorded as follows:

- service cost is recorded under "Selling, general and administrative expenses";
- the impact of restructuring is reported under "Non-recurring operating income" or "Non-recurring operating expenses";
- interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively.

Pension expenses break down as follows:

	2015				2014			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(59)	(16)	(52)	(127)	(46)	(14)	(19)	(79)
Interest cost	(34)	(79)	(20)	(133)	(51)	(85)	(21)	(157)
Normative return on external funds	19	98	7	124	32	92	11	135
Past service cost	-	-	-	-	-	-	-	-
Effect of curtailments and settlements	126	8	18	152	(21)	-	1	(20)
Total (before minimum funding requirement liability)	**52**	**11**	**(47)**	**16**	**(86)**	**(7)**	**(28)**	**(121)**
Change in minimum funding requirement liability (IFRIC 14)	-	(8)	-	(8)	-	-	-	-
TOTAL	**52**	**3**	**(47)**	**8**	**(86)**	**(7)**	**(28)**	**(121)**

7.2. SHARE-BASED PAYMENT

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These plans are recognised in accordance with ***IFRS 2 Share-based Payment***.

A. Employee stock options

1) Plan characteristics

No plan was awarded between 2009 and 2015. Former plans awarded to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price, have the following characteristics:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price *(in euros)*	Number of options granted
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	39.43	1,155,000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	21.58	1,345,000

On 31 December 2015, the share price was €16.21.

2) 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:

	2015		2014	
	Number	WAEP* *(in euros)*	Number	WAEP* *(in euros)*
Outstanding at beginning of period	**2,942,961**	**29.7**	**3,259,035**	**37.8**
Granted following the capital increase	-	-	1,007,080	35.1
Cancelled during the period	-	-	(20,312)	26.8
Expired during the period	(1,373,380)	35.7	(1,302,842)	26.8
Outstanding at end of period	**1,569,581**	**24.5**	**2,942,961**	**29.7**
Exercisable at end of period	1,569,581	24.5	2,942,961	29.7

* *Options' Weighted Average Exercise Price.*

Options outstanding at the year-end are as follows:

(number of options)	31 December 2015	31 December 2014
2007 Plan	-	1,341,192
2008 Plan	1,569,581	1,601,769
TOTAL AT 31 DECEMBER	**1,569,581**	**2,942,961**

3) Personnel costs arising from stock option plans

The Peugeot S.A. and Faurecia stock option plans did not generate any personnel costs.

B. Performance share plans

1) Peugeot S.A. performance share plan

A performance share plan was established in 2015.

a) Plan characteristics

Following the authorisation given by the Extraordinary Shareholders' Meeting of 24 April 2013 and the Supervisory Board at its meeting of 17 February 2015, the Peugeot S.A. Managing Board adopted a performance share plan on 27 February 2015. The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period. For tax residents of France, performance shares will fully vest on 31 March 2017 and must be held until 31 March 2019. For other beneficiaries, the vesting period will run until 31 March 2019. No lock-up period is imposed thereafter.

Vesting is subject to performance conditions in terms of the aggregate operating free cash flow (FCF) of manufacturing and sales companies between 2014 and 2016, the net financial position of manufacturing and sales companies in 2016 and the recurring operating income of the Automotive Division in 2016.

b) Personnel costs arising from the performance share plan characteristics

At year-end 2015, the plan covers a maximum total of 2,438,000 shares, resulting in either the issuance of new shares or the delivery of treasury shares.

The fair value of the shares granted is estimated at €15.47 for the calculation of the expense for French tax residents and €13.49 for other beneficiaries.

The personnel expenses associated with this plan, measured in accordance with IFRS 2, was €12 million for 2015, excluding payroll taxes.

2) Faurecia performance share plan

In 2010, Faurecia established a performance share plan for executives of Group companies. These shares are subject to service and performance conditions.

The amount recognised through profit or loss for the period is an expense of €9.9 million (compared with an expense of €6 million in 2014).

The details of performance share plans are provided in the following table:

	Maximum number of performance shares due if:	
(number of shares)	**objective achieved**	**objective exceeded**
Date of Managing Board decision:		
24/07/2013	797,000	1,036,100
28/07/2014	677,800	881,140
23/07/2015	668,249	868,631

Following the achievement of the performance target of the first plan (Board meeting of 23 June 2010), 478,400 shares were granted during the previous years and 226,200 in 2014.

7.3. MANAGEMENT COMPENSATION

(in million euros)	Notes	2015	2014
Compensation paid to:			
› Members of the Managing Board		7.3	7.1
› Members of the Group Executive Comittee (excluding members of the Managing Board)		7.3	5.9
› Members of the Supervisory Board		1.0	1.1
Total management compensation		**15.6**	**14.1**
Stock option and performance share costs	*7.2*	4.2	-
TOTAL		**19.8**	**14.1**

The Group is managed by the Managing Board.

The Group's management bodies correspond to the Group 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 amount of compensation paid to members of management bodies, including accrued variable compensation, is provisional.

The fixed compensation of the Managing Board members was constant in 2015.

The following table presents details of outstanding Peugeot S.A. performance shares and stock options granted to members of the management bodies:

(number of options)	2015	2014
Performance shares held at 31 December	865,000	-
Stock options held at 31 December	168,601	309,615

Members of the Group's management bodies benefit from a defined contribution supplementary pension plan that from 1 January 2016 will replace the previous defined benefit supplementary pension plan (see Note 7.1.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 8 GOODWILL AND INTANGIBLE ASSETS – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and intangible assets are carried at amortised cost less deductions and impairment, pursuant to IAS 36 (see Note 8.3).

8.1. GOODWILL AND INTANGIBLE ASSETS

A. Accounting policies

Accounting policies relating to goodwill are described in Note 3.1.A.(3) and those related to research and development expenses in Note 5.3.A.

Other internally-developed or purchased intangible assets, excluding research and development expenditure

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. 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.

B. Change in carrying amount

	31 December 2015			
(in million euros)	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1,506**	**3,957**	**391**	**4,348**
IFRS 5 declassification	(125)	(25)	(3)	(28)
Purchases/additions*	-	1,239	106	1,345
Amortisation for the year	-	(778)	(95)	(873)
Impairment losses	-	(58)	5	(53)
Disposals	-	(1)	(3)	(4)
Change in scope of consolidation and other	(15)	1	13	14
Translation adjustment	16	17	3	20
AT PERIOD-END	**1,382**	**4,352**	**417**	**4,769**

* *Including borrowing costs of €75 million capitalised in accordance with* ***IAS 23 (Revised) – "Borrowing Costs"*** *(see Note 12.2.A).*

	31 December 2014			
(in million euros)	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1,561**	**3,656**	**372**	**4,028**
IFRS 5 declassification	-	-	(1)	(1)
Purchases/additions(1)	-	1,042	89	1,131
Amortisation for the year	-	(749)	(82)	(831)
Impairment losses(2)	(75)	(20)	(1)	(21)
Disposals	-	(3)	(1)	(4)
Change in scope of consolidation and other	-	1	15	16
Translation adjustment	20	30	-	30
AT PERIOD-END	**1,506**	**3,957**	**391**	**4,348**

(1) Including borrowing costs of €58 million capitalised in accordance with ***IAS 23 (Revised) – "Borrowing Costs"*** *(see Note 12.2.A).*
(2) Of which €75 million in impairment losses on goodwill of the Finance Division CGU.

C. Breakdown of goodwill

(in million euros)	31 December 2015	31 December 2014
Net		
Faurecia CGU	172	187
Faurecia CGUs	1,210	1,317
Banque PSA Finance CGU	-	2
TOTAL	**1,382**	**1,506**

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in Note 8.3.

8.2. PROPERTY, PLANT AND EQUIPMENT

A. Accounting policies

1) 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.

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 12.2.A).

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 leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 5.1.A.(1).(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.

2) 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 five 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.

B. Breakdown of property, plant and equipment

The carrying amount of property, plant and equipment can be analysed as follows:

	31 December 2015						
(in million euros)	Land and buildings	Plant and equipment	Leased vehicles[2]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**2,396**	**5,240**	**2,309**	**12**	**305**	**569**	**10,831**
IFRS 5 declassification	(71)	(151)	-	(2)	(11)	(18)	(253)
Purchases/additions[1]	62	456	-	16	25	1,083	1,642
Depreciation for the year	(258)	(1,430)	(4)	(3)	(64)	-	(1,759)
Impairment losses	18	186	-	-	-	1	205
Disposals	(34)	(23)	-	(2)	(13)	-	(72)
Transfers and reclassifications	38	100	-	(1)	(47)	(90)	-
Change in scope of consolidation and other[2]	25	306	237	1	73	(404)	238
Translation adjustment	(2)	28	28	-	1	7	62
AT PERIOD-END	**2,174**	**4,712**	**2,570**	**21**	**269**	**1,148**	**10,894**
Gross value	*6,907*	*30,703*	*2,933*	*83*	*847*	*1,188*	*42,661*
Accumulated depreciation and impairment	*(4,733)*	*(25,991)*	*(363)*	*(62)*	*(578)*	*(40)*	*(31,767)*

*(1) Including property, plant and equipment acquired under finance leases for €15 million. Borrowing costs capitalised in accordance with **IAS 23 (Revised) – "Borrowing Costs"** amounted to €21 million (see Note 12.2.A).*
(2) Change in scope of consolidation and other movements in "Leased vehicles" includes net changes for the year (additions less disposals).

	31 December 2014						
(in million euros)	Land and buildings	Plant and equipment	Leased vehicles[2]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**2,539**	**5,095**	**2,381**	**30**	**308**	**900**	**11,253**
IFRS 5 declassification	(1)	(2)	-	(9)	(2)	1	(13)
Purchases/additions[1]	59	700	-	4	13	538	1,314
Depreciation for the year	(237)	(1,282)	(3)	(3)	(72)	-	(1,597)
Impairment losses	(1)	(24)	-	(1)	-	(16)	(42)
Disposals	(67)	(3)	-	(3)	(7)	-	(80)
Transfers and reclassifications	18	345	-	2	32	(397)	-
Change in scope of consolidation and other[2]	78	355	(98)	(8)	30	(469)	(112)
Translation adjustment	8	56	29	-	3	12	108
AT PERIOD-END	**2,396**	**5,240**	**2,309**	**12**	**305**	**569**	**10,831**
Gross value	*7,112*	*31,483*	*2,714*	*84*	*943*	*621*	*42,957*
Accumulated depreciation and impairment	*(4,716)*	*(26,243)*	*(405)*	*(72)*	*(638)*	*(52)*	*(32,126)*

*(1) Including property, plant and equipment acquired under finance leases for €16 million. Borrowing costs capitalised in accordance with **IAS 23 (Revised) – "Borrowing Costs"** amounted to €8 million (see Note 12.2.A).*
(2) Change in scope of consolidation and other movements in "Leased vehicles" includes net changes for the year (additions less disposals).

C. 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 5.1.A.(1).(a).

They break down as follows:

(in million euros)	31 December 2015	31 December 2014
Vehicles sold with a buyback commitment	2,547	2,293
Vehicles under short-term leases	23	16
TOTAL, NET	**2,570**	**2,309**

8.3. ASSET IMPAIRMENT

A. Accounting policies

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 5.3.A.(1)). The Automotive Division CGU consists of the Vehicle CGUs and all other fixed assets.

In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets 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 Group's consolidated financial statements.

B. Impairment test on Automotive Division CGUs and provisions for Automotive Division onerous contracts

The results of the impairment tests on the assets of the Automotive Division CGU, the Russia CGU, the Latin America CGU and each Vehicle CGU were updated at 31 December 2015. These tests are based on the Group's best estimates.

Automotive Division CGU

The Group updated the projections used for testing the impairment of the Automotive Division CGU in December 2015. Testing was based on the most recent medium-term plan (MTP), covering the years 2016-2020, and on an assessment of the main risks associated with this plan. The profitability assumed for the purposes of determining the terminal value is consistent with the historical performance of the Group's Automotive Business. The automotive market forecasts used are the Group's most recent estimates, which are based on external forecasts.

The after-tax discount rate applied was 9.5% for 2016-2020 and 10.5% for the terminal value based on a perpetual growth rate of 1%. These rates are unchanged compared with those used for the periods ended 31 December 2014.

Specific tests performed on Latin America and Russia plants have been also updated on the basis of the 2016-2020 MTP. It led to the recognition of a total impairment charge of €1 million related to the investments of the year in Russia, recorded in non-current operating income (loss).

As of 31 December 2015, taking into account impairment recognised previously, net impairment charges of the Latin America CGU and Russia plants totalled €690 million.

As of 31 December 2015, taking into account impairment recognised previously, net impairment charges of the Automotive Division totalled €2,004 million. As such, the carrying amount of the intangible assets and property, plant and equipment of the Automotive Division was €9,713 million.

The sensitivity to changes in the main assumptions is as follows: impairment would increase by €128 million with a 0.5% higher discount rate, €75 million with a perpetual growth rate limited to 0.5%, €781 million as a result of a 0.5% reduction in the operating margin in the reference year used to calculate the terminal value and €1,086 million if these three factors were combined.

Vehicle CGUs and other automotive assets

As of 31 December 2015, the impairment testing of assets dedicated to the Vehicle CGUs did not reveal impairment other than that recognised under the testing described above.

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.

The updating of data relating to volumes and margins for these vehicles as well as forecast currency exchange rates for purchasing currencies, led to a reversal of the provision for losses on onerous contracts amounting to €17 million over the year. As of 31 December 2015, provisions totalled €49 million.

Other reversals of provisions and loss were recognised in the amount of €69 million, i.e. a total of €86 million including the reversal of the €17 million provision for loss on onerous contracts.

C. *Impairment test on Faurecia Group CGUs and other assets*

Faurecia Group CGUs

Following the agreement to dispose of the Automotive Exteriors business, the goodwill of this CGU was reclassified under operations held for sale.

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 (2016-2019 plan for 2015 impairment tests, as revised at end-2015 based on the latest 2016 budget assumptions).

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2019) using a growth rate of 1.5%. Future cash flows were discounted at an unchanged after-tax rate of 9.5%.

The test performed at end-2015 confirmed that the goodwill allocated to the four CGUs was fairly stated in the balance sheet. The balance sheet values are presented in the table below:

(in million euros)	31 December 2015	31 December 2014
Automotive Seating	794	793
Emissions Control Technologies	370	353
Automotive Exteriors	-	125
Interior Systems	46	46
TOTAL	**1,210**	**1,317**

The test results are largely positive, and the combined sensitivity to changes in assumptions (0.5 percentage point increase in the discount rate, 0.5 percentage point reduction in the perpetual growth rate and 0.5 percentage point reduction in the perpetual operating margin) does not call into question the carrying amount of goodwill.

Faurecia CGU in the accounts of PSA

€15 million of the €187 million in goodwill of the Faurecia CGU was allocated to the Automotive Exteriors business. This €15 million share was reclassified under assets held for sale.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2015 was €2,346 million based on a share price of €37.01, 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 €1,254 million (including the goodwill of €187 million 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 2015.

8.4. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES RELATED TO OPERATING ACTIVITIES

(in million euros)	31 December 2015	31 December 2014
Capital commitments for the acquisition of non-current assets	862	723
Orders for research and development work	61	35
Minimum purchase commitments	106	215
Non-cancellable lease commitments	1,693	1,764
TOTAL	**2,722**	**2,737**

A. *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.

B. 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 d'Avenir Automobile* (FAA – tier 1 and tier 2), two funds set up to support automotive equipment manufacturers. The Group's total commitment to FAA amounted to €204 million. At 31 December 2015, the Group had already paid €131 million into this fund.

C. Non-cancellable lease commitments

Periods *(in million euros)*	31 December 2015	31 December 2014
2015	-	290
2016	290	235
2017	233	202
2018	205	180
2019	179	160
2020	164	168
2021	140	-
Subsequent years	482	529
TOTAL NON-CANCELLABLE LEASE COMMITMENTS	**1,693**	**1,764**

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.

NOTE 9 OTHER NON-CURRENT ASSETS AND OTHER NON-CURRENT LIABILITIES

9.1. OTHER NON-CURRENT ASSETS

(in million euros)	Notes	31 December 2015	31 December 2014
Excess of payments to external funds over pension obligations	*7.1.E*	597	508
Investments in non-consolidated companies and units in the FAA funds		213	113
Derivative instruments*		-	6
Guarantee deposits and other		273	314
TOTAL		**1,083**	**941**

* *Corresponding to the non-current portion of derivative instruments hedging commodity risks.*

The Group has invested in the two "Fonds d'Avenir Automobile" (FAA – tier 1 and tier 2). The Group has committed €204 million to these two funds, €131 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 12.8.C.(3)). 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 FAA units were written down by €54 million at 31 December 2015 based on the valuation published by the fund manager, Caisse des Dépôts et Consignations. As the Group considers that the impairment loss will last, it was recognised through profit and loss in accordance with the accounting policies (see Note 12.8.C.(3)).

9.2. OTHER NON-CURRENT LIABILITIES

(in million euros)	Notes	31 December 2015	31 December 2014
Liabilities related to vehicles sold with a buyback commitment	*5.1.A.(1).(a)*	3,179	2,795
Other		308	197
TOTAL		**3,487**	**2,992**

NOTE 10 CURRENT AND NON-CURRENT PROVISIONS

10.1. ACCOUNTING POLICIES

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.

In application of ***IFRIC – 21 Levies charged by public authorities***, taxes levied by public authorities are recognised as of the date of their tax generating event.

Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

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.

10.2. NON-CURRENT PROVISIONS

A. *Analysis by type*

(in million euros)	Notes	31 December 2015	31 December 2014
Pensions	*7.1*	1,091	1,364
Other employee benefit obligations		148	151
Other		39	28
TOTAL		**1,278**	**1,543**

B. *Movements for the year*

(in million euros)	31 December 2015	31 December 2014
At beginning of period	**1,543**	**1,144**
IFRS 5 declassification	**(18)**	**(20)**
Movements taken to profit or loss		
Additions	197	179
Releases (utilisations)	(125)	(108)
Releases (unused provisions)	(167)	(29)
	(95)	42
Other changes		
Translation adjustment	8	8
Recognised in equity during the period	(225)	328
Change in scope of consolidation and other	65	41
AT PERIOD-END	**1,278**	**1,543**

Provision releases mainly concern pensions. These reversals of moot pension provisions relate mainly to staff whose departure is expected under workforce adjustment mechanisms (see Note 5.4.B).

10.3. CURRENT PROVISIONS

A. Analysis by type

(in million euros)	31 December 2015	31 December 2014
Warranties	895	790
Commercial and tax claims and litigation	628	582
Restructuring plans	1,068	890
Long-term contract losses	109	124
Sales with a buyback commitment	195	198
Other	302	304
TOTAL	**3,197**	**2,888**

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 6.3.A).

Provisions for tax claims concern a number of claims primarily outside France.

B. Movements for the year

(in million euros)	31 December 2015	31 December 2014
At beginning of period	**2,888**	**2,657**
IFRS 5 declassification	**(13)**	**(37)**
Movements taken to profit or loss		
Additions*	1,957	1,763
Releases (utilisations)	(1,248)	(1,130)
Releases (unused provisions)	(284)	(359)
	425	274
Other changes		
Translation adjustment	(103)	(6)
Change in scope of consolidation and other	-	-
AT PERIOD-END	**3,197**	**2,888**

* *The main additions for restructuring plans in 2015 are discussed in Note 5.4.B.*

NOTE 11 INVESTMENTS IN 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.

Companies accounted for by the equity method include:

- joint ventures with Dong Feng Motor Group et Changan, located in China;
- since 2015 Finance joint ventures with Santander Consumer Finance (see Note 3.3);
- as well as companies over which the Group has significant influence, mainly GEFCO and since 2015 Peugeot Scooters.

11.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES AT EQUITY

(in million euros)	31 December 2015	31 December 2014
At beginning of period	**1,666**	**1,375**
Dividends and profit transfers(1)	(356)	(150)
Share of net earnings	437	282
Newly consolidated companies(2)	780	14
Capital increase (reduction)(2)	47	12
Changes in scope of consolidation and other	(41)	6
Translation adjustment	104	127
AT PERIOD-END	**2,637**	**1,666**
O/w Dongfeng Peugeot Citroën Automobiles goodwill	85	79
O/w Dongfeng Peugeot Citroën Automobiles Finance Company Ltd goodwill	3	5
O/w GEFCO goodwill	57	57

(1) Dividends and profit transfers in 2015 included €332 million in net dividends paid to the Group by the companies in partnership with DPCA, of which €18 million withheld.
(2) Concerns mainly companies in partnership with Santander.

11.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	31 December 2015	31 December 2014
Dongfeng Motor Company cooperation agreement:		1,258	1,153
› Dongfeng Peugeot Citroën Automobile*	50%	1,067	1,092
› Dongfeng Peugeot Citroën Automobile Sales Co	50%	184	61
› Dongfeng Peugeot Citroën International Co	50%	7	-
Changan cooperation agreement: Changan PSA Automobile Co., Ltd	50%	120	158
Other		11	11
Automotive		1,389	1,322
Automotive equipment		97	81
GEFCO*	25%	146	146
Peugeot Scooters	49%	9	-
Other activities		155	146
Manufacturing and sales activities		**1,641**	**1,549**
Finance companies in partnership with Santander Consumer Finance	50%	916	-
Dongfeng Peugeot Citroën Automobile Finance Company Ltd*	25%	65	104
Finance activities		**981**	**104**
TOTAL		**2,622**	**1,653**

* *Including goodwill (see Note 11.1).*

The share in net assets of companies at equity breaks down into €2,637 million (€1,666 million at 31 December 2014) for companies with positive net equity, reported under "Investments in companies at equity" less €15 million (€13 million at 31 December 2014) for companies with negative net equity, reported under "Non-current provisions".

11.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	31 December 2015	31 December 2014
Dongfeng Motor Company cooperation agreement:		350	283
› Dongfeng Peugeot Citroën Automobile*	50%	177	230
› Dongfeng Peugeot Citroën Automobile Sales Co	50%	173	53
› Dongfeng Peugeot Citroën International Co	50%	-	-
Changan cooperation agreement: Changan PSA Automobile Co., Ltd	50%	(50)	(20)
Other		2	2
Automotive		302	265
Automotive equipment		13	5
GEFCO*	25%	6	5
Peugeot Scooters	49%	(7)	-
Other activities		(1)	5
Manufacturing and sales activities		**314**	**275**
Finance companies in partnership with Santander Consumer Finance	50%	112	-
Dongfeng Peugeot Citroën Automobile Finance Company Ltd*	25%	11	11
Finance activities		**123**	**11**
TOTAL		**437**	**286**

* *Including goodwill (see Note 11.1).*

11.4. KEY FINANCIAL DATA OF COMPANIES ACCOUNTED AT EQUITY

The detailed data about the companies accounted at equity are the following.

A. *Dongfeng Motor Group cooperation agreement*

PSA and Dongfeng Motor Group have three joint ventures:

- Dongfeng Peugeot Citroën Automobile (DPCA), based in Wuhan, which is subject to joint control and is qualified for accounting purposes as a joint venture. It manufactures motor vehicles under the Dongfeng Peugeot and Dongfeng Citroën brands in China and Fengshen;
- Dongfeng Peugeot Citroën Automobile Sale Co (DPCS), based in Wuhan, over which the Group has significant influence. It markets in China the vehicles produced by DPCA;
- Dongfeng Peugeot Citroën Automobile International Co (DPCI), based in Singapore, over which the Group has significant influence. It markets outside China, in the ASEAN zone the vehicles produced by DPCA.

Another jointly controlled company is being created in charge of research and development.

The amounts below represent the combined financial statements of DPCA and DPCS.

EARNINGS ITEMS AT 100%

	(in million euros)		(in million yuans)	
	2015	**2014**	**2015**	**2014**
Sales and revenue	9,864	8,701	68,991	69,874
Recurring operating income (loss)	828	651	5,805	5,251
Operating income (loss)	843	637	5,903	5,135
Of which depreciation and impairment	*(297)*	*(225)*	*(2,076)*	*(1,843)*
Net financial income (loss)	82	126	573	1,026
Income taxes	(225)	(195)	(1,568)	(1,575)
Profit (loss) from continuing operations	**700**	**568**	**4,908**	**4,586**
Profit (loss) from discontinued operations	-	-	-	-
PROFIT (LOSS) OF THE PERIOD	**700**	**568**	**4,908**	**4,586**
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	350	283		
Income and expenses recognised in equity, net	**-**	**-**		
Other information				
Net dividend received from the joint venture(s) by the Group	332	121		

BALANCE SHEET ITEMS AT 100%

	(in million euros)		(in million yuans)	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Assets				
Non-current assets	3,263	2,709	23,040	20,414
Current assets	3,258	3,492	23,000	26,315
Of which cash and cash equivalents	*1,880*	*1,700*	*13,271*	*12,809*
Liabilities	-	-	-	-
Non-current liabilities (excluding equity)	(210)	(215)	(1,482)	(1,620)
Of which non-current financial liabilities	*(88)*	*(215)*	*(622)*	*(1,620)*
Current liabilities	(3,977)	(3,839)	(28,081)	(28,929)
Of which current financial liabilities	*(194)*	*(230)*	*(1,367)*	*(1,733)*
Equity	(2,334)	(2,147)	(16,477)	(16,180)
Transition table				
Equity	(2,334)	(2,147)		
% of interest	50%	50%		
Group's share in equity	(1,167)	(1,074)		
Goodwill	(84)	(79)		
Investments in company at equity	(1,251)	(1,153)		

B. Changan Cooperation Agreement

Since 2011, PSA and Changan have owned a joint venture known as Changan PSA Automobiles (CAPSA), based in Shenzhen, subject to joint control and classified for accounting purposes as a joint venture. It manufactures and markets motor vehicles under the DS brand in China.

The newly built plant began production in 2013.

EARNINGS ITEMS AT 100%

	(in million euros)		(in million yuans)	
	2015	2014	2015	2014
Sales and revenue	498	518	3,486	4,233
Recurring operating income (loss)	(74)	(45)	(516)	(370)
Operating income (loss)	(71)	(44)	(496)	(359)
Of which depreciation and impairment	*(32)*	*(39)*	*(224)*	*(317)*
Net financial income (loss)	(28)	(12)	(198)	(95)
Income taxes	-	15	-	120
Profit (loss) from continuing operations	**(99)**	**(41)**	**(694)**	**(334)**
Profit (loss) from discontinued operations	-	-	-	-
PROFIT (LOSS) OF THE PERIOD	**(99)**	**(41)**	**(694)**	**(334)**
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(50)	(20)		
Income and expenses recognised in equity, net	**-**	**-**		
Other information				
Net dividend received from the joint venture(s) by the Group	-	-		

BALANCE SHEET ITEMS AT 100%

	(in million euros)		(in million yuans)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Assets				
Non-current assets	980	822	6,918	6,195
Current assets	286	524	2,022	3,945
Of which cash and cash equivalents	*56*	*96*	*394*	*724*
Liabilities	-	-	-	-
Non-current liabilities (excluding equity)	(454)	(411)	(3,211)	(3,099)
Of which non-current financial liabilities	*(454)*	*(411)*	*(3,211)*	*(3,099)*
Current liabilities	(572)	(618)	(4,041)	(4,659)
Of which current financial liabilities	*(201)*	*(230)*	*(1,418)*	*(1,733)*
Equity	(240)	(316)	(1,688)	(2,382)
Transition table				
Equity	(240)	(316)		
% of interest	50%	50%		
Group's share in equity	(120)	(158)		
Goodwill	-	-		
Investments in company at equity	(120)	(158)		

C. Santander Consumer Finance Agreement

The combined financial statements of all the joint ventures with Santander Consumer Finance are presented in summary form in the tables below.

The scope mainly includes:

- France and the Great Britain since February 2015;
- Spain and Switzerland since October 2015.

EARNINGS ITEMS AT 100%

	2015		
	11 months	3 months	
(in million euros)	France/ United-Kingdom	Spain/Switzerland	Total
Net banking revenue	**517**	**30**	**547**
General operating expenses and others	(179)	(12)	(191)
Gross operating income	**338**	**18**	**356**
Cost of risk	(33)	(1)	(34)
Operating income	**305**	**17**	**322**
Income taxes	(93)	(5)	(98)
PROFIT (LOSS) FOR THE PERIOD	**212**	**12**	**224**
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	106	6	112
Income and expenses recognised in equity, net	-	-	-
Other information			
Net dividend received from the joint venture(s) by the Group	-	-	-

BALANCE SHEET ITEMS AT 100%

	2015		
(in million euros)	France/ United-Kingdom	Spain/ Switzerland	Total
Customer loans and receivables	11,984	2,597	14,581
Other assets	1,377	429	1,806
TOTAL ASSETS	**13,361**	**3,026**	**16,387**
Financing liabilities	9,872	2,466	12,338
Other liabilities	2,035	132	2,167
Equity	1,454	428	1,882
TOTAL LIABILITIES	**13,361**	**3,026**	**16,387**

11.5. RELATED PARTY TRANSACTIONS – COMPANIES AT EQUITY

Transactions with companies at equity are billed on arm's length terms.

Sale and purchase transactions carried out by the consolidated manufacturing and sales companies with companies at equity are as follows:

(in million euros)	2015	2014
Sales to manufacturing and sales companies(1)	1,369	1,719
Sales and assignments to companies in partnership with Santander	4,617	-
Purchases(2)	(1,846)	(1,806)

(1) Of which €1,217 million in sales to companies in partnership with DCPA (€1,417 million in 2014) and €69 million in sales to CAPSA (€196 million in 2014).
(2) Of which €1,729 million in purchases from GEFCO (€1,782 million in 2014).

Receivables and payables with companies at equity are as follows:

(in million euros)	31 December 2015	31 December 2014
Profit (loss) from discontinued operations	282	280
Income and expenses recognised in equity, net	(312)	(276)

Dealings between PSA and the financial companies are largely unchanged following Santander Consumer Finance's investment in the joint ventures.

NOTE 12 FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES

12.1. ACCOUNTING POLICIES

The principles governing the measurement of financial assets and liabilities within the meaning of IAS 32 and IAS 39 are described in Note 12.8.

12.2. NET FINANCIAL INCOME (EXPENSE)

(in million euros)	2015	2014
Interest income*	187	120
Finance costs	(539)	(659)
Other financial income	108	85
Other financial expenses	(398)	(296)
NET FINANCIAL INCOME (EXPENSE)	**(642)**	**(750)**

* *Including €182 million for the Automotive Division and Other Businesses (€119 million in 2014).*

Finance costs include in 2015 an exceptional charge of €57 million for the early redemption of bonds by Peugeot S.A. (see Note 12.6.A).

A. *Finance costs*

Finance costs are actual expense less the capitalised portion of assets in development.

(in million euros)	2015	2014
› Interest on borrowings	(566)	(632)
› Interest on bank overdrafts	(26)	(42)
› Interest on finance lease liabilities	(8)	(10)
› Foreign exchange gain (loss) on financial transactions	(28)	(33)
› Other	(7)	(8)
Finance costs incurred	**(635)**	**(725)**
Of which Automotive Division and Other Businesses	*(449)*	*(521)*
Capitalised borrowing Costs	96	66
TOTAL	**(539)**	**(659)**

Capitalised borrowing costs

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.

FINANCE COSTS INCURRED, NET OF INTEREST INCOME

(in million euros)	2015	2014
Finance costs incurred	(635)	(725)
Of which Automotive Division and Other Businesses	*(449)*	*(521)*
Interest income	187	120
Of which Automotive Division and Other Businesses	*182*	*119*
TOTAL	**(448)**	**(605)**
Of which Automotive Division and Other Businesses	*(267)*	*(402)*

B. Other financial income and expenses

(in million euros)	2015	2014
Expected return on pension funds	21	10
Other financial income	87	75
FINANCIAL INCOME	**108**	**85**
Interest cost on employee benefit obligations	(30)	(32)
Ineffective portion of the change in fair value of financial instruments	(101)	(42)
Other financial expenses	(267)	(222)
FINANCIAL EXPENSES	**(398)**	**(296)**

12.3. NET FINANCIAL POSITION (NET DEBT) OF MANUFACTURING AND SALES COMPANIES

Net financial position (net debt) of the manufacturing and sales companies is a financial indicator not defined by IFRS. According to the Group's definition, it is equal to the financial liabilities net of financial assets used as collateral, or that may be utilised to redeem these liabilities, as well as those assigned to specific expenses of the manufacturing and sales companies. This definition remains unchanged from the date of first adoption of IFRS in the Group. The share of these financial assets not readily available is not taken into consideration in the financial security of the manufacturing and sales companies (see Note 12.4).

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.

A. Composition of net financial position (net debt)

(in million euros)	31 December 2015	31 December 2014
Financial assets and liabilities of the manufacturing and sales companies		
Non-current financial liabilities	(4,267)	(6,463)
Current financial liabilities	(3,229)	(2,833)
Other non-current financial assets	669	696
Current financial assets	570	405
Financial investments	352	266
Cash and cash equivalents	10,465	8,477
NET FINANCIAL POSITION (NET DEBT) OF THE MANUFACTURING AND SALES COMPANIES*	**4,560**	**548**
Of which external loans and borrowings	4,061	134
Of which financial assets and liabilities with finance companies	499	414
***Automotive Division and Other activities**	**5,586**	**2,031**

As of 31 December 2014, had the net financial position of the manufacturing and sales companies been adjusted for the impact of IFRS 5 on the Automotive Equipment Division, it would have been €594 million positive.

B. Change in net financial position (net debt)

In 2015, the Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 12.7.A.

In 2015, the manufacturing and sales companies have increased their net financial position resulting from the increase of net cash from operating activities exceeding the cash used in investing activities.

Net cash from operating activities for the year totalled positive €5,432 million, representing funds from operations of €4,490 million plus the positive impact of a €942 million decrease in working capital. Changes in working capital are discussed in Note 6.4.

Investments for the period in property, plant and equipment and intangible assets amounted to €2,727 million. Other financing needs for the period stood at €50 million.

Other cash inflows for the period were as follows:

- Banque PSA Finance dividend of €918 million including a special dividend of €533 million resulting from the implementation of the partnership with Santander;
- various rights issues resulting especially from employees' subscriptions to the "Accelerate" plan and equity warrants bonds' conversions for a total amount of €199 million.

These various cash inflows and outflows have resulted in an increase in the net financial position of €3,772 million.

Hence:

- cash reserves increased by €2,096 million;
- net debt before cash and cash equivalents decreased by €1,676 million as a result of the following variations:

(in million euros)	2015	2014
Increase in borrowings	975	186
Repayment of borrowings and conversion of bonds	(1,968)	(1,881)
(Increase) decrease in non-current financial assets	(9)	17
(Increase) decrease in current financial assets	(283)	(514)
Increase (decrease) in current financial liabilities	(391)	(260)
	(1,676)	**(2,452)**
Net cash flows with Group finance companies	*142*	*334*
TOTAL	**(1,534)**	**(2,118)**

Loan repayments in the amount of €1,968 million include notably (see Note 12.6.A):

- partial redemptions of bonds by Peugeot S.A. in June 2015 in the amount of €500 million;
- repayment of debt by Peugeot S.A. at its June maturity in the amount of €345 million;
- the early redemption of various debts by Faurecia in the total amount of €500 million.

Furthermore, the non-cash changes represented a decrease of €240 million in the net debt of the Group.

12.4. LIQUIDITY RESERVES

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

€57 million (€34 million at 31 December 2014) and €478 million (€486 million at 31 December 2014) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €535 million (€520 million at 31 December 2014).

(in million euros)	Notes	31 December 2015	31 December 2014
Cash and cash equivalents*	*12.5.C*	10,465	8,477
Financial investments	*12.5.B*	352	266
Current & non current financial assets		535	520
Total		**11,352**	**9,263**
Lines of credit (undrawn) – excluding Faurecia		3,000	3,000
Lines of credit (undrawn) – Faurecia		1,200	1,200
TOTAL FINANCIAL SECURITY		**15,552**	**13,463**
of which Faurecia		*2,234*	*2,297*

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

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The Group had liquid assets of €318 million in Argentina as of 31 December 2015 (€443 million as of 31 December 2014). The net financial position, comprised of these liquid assets net of debt, was €373 million as of 31 December 2015 (€272 million as of 31 December 2014). The repatriation of the funds proved complex in 2015 for regulatory and political reasons. Following the presidential election in November 2015, a new policy to relax foreign exchange controls has been implemented. It will ease the repatriation of the excess of cash during the first half of 2016.

Undrawn 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 2020:

(in million euros)	31 December 2015	31 December 2014
Peugeot S.A. and GIE PSA Trésorerie	3,000	3,000
Faurecia	1,200	1,200
UNDRAWN CONFIRMED LINES OF CREDIT	**4,200**	**4,200**

The €2,000 million tranche of the Peugeot S.A. and GIE PSA Trésorerie facility matures in November 2020. The balance of €1,000 million matures in November 2018, with two optional one-year extensions on hand's banks. Following the signing of an amendment on 10 November 2015, the maturity of the line was extended by one year. This credit facility was undrawn at the period-end.

This facility is subject to the respect of:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt of manufacturing and sales companies is defined and disclosed in Note 12.3. The Group's equity is that listed under "Total Equity" in liabilities.

All of these clauses were complied with at 31 December 2015.

Faurecia's additional borrowing capacity, other than trough Peugeot S.A., results from a new syndicated line of credit arranged on 15 December 2014. It comprises only one €1,200 million tranche expiring in December 2019. This credit facility was undrawn at the period-end.

12.5. BREAKDOWN OF FINANCIAL ASSETS

A. Other non-current and current financial assets

	31 December 2015		31 December 2014	
(in million euros)	Non-current	Current	Non-current	Current
Loans and receivables	269	562	295	392
Financial assets classified as "at fair value through profit or loss"	348	-	332	-
Derivative instruments	52	8	69	13
TOTAL FINANCIAL ASSETS, NET	**669**	**570**	**696**	**405**

B. Financial investments

Short-term investments are investments of surplus cash flows for which the remaining maturity and investment horizon is less than 12 months. They total €352 million (€266 million as of 31 December 2014).

C. Cash and cash equivalents

Cash primarily represents cash in bank current accounts, and excludes bank overdrafts. Cash equivalents consist primarily of cash investments and negotiable debt securities that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and held in order to meet short-term cash commitments with an original maturity of three months or less according to IAS 7.

Cash and cash equivalents include:

(in million euros)	31 December 2015	31 December 2014
Mutual fund units and money market securities	7,740	6,113
Cash and current account balances	2,725	2,364
Total – manufacturing and sales companies	**10,465**	**8,477**
o/w deposits with finance companies	*(55)*	*(128)*
TOTAL	**10,410**	**8,349**

Cash includes the proceeds from borrowings arranged to meet future financing needs (see Note 12.3.A).

At 31 December 2015, cash equivalents mainly included money market funds for €5,484 million, and bank deposits and overnight money market notes in the amount of €1,606 million.

All of these instruments comply with the 'Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

12.6. BREAKDOWN OF FINANCIAL LIABILITIES

	Carrying amount at 31 December 2015		Carrying amount at 31 December 2014	
	Amortised cost or fair value		Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds*	1	561	768	21
Other bonds	3,323	1,315	4,328	780
Employee profit-sharing fund	2	-	2	1
Finance lease liabilities	138	23	148	64
Other long-term borrowings	803	472	1,217	630
Other short-term financing and overdraft facilities	-	853	-	1,332
Derivative instruments	-	5	-	5
TOTAL FINANCIAL LIABILITIES	**4,267**	**3,229**	**6,463**	**2,833**

* *The amortised cost of OCEANE convertible bonds corresponds to the debt component. The equity component – corresponding to the conversion option – is recognized separately in equity.*

A. Main financing transactions during the year

The financial risk management policy is set out in Note 12.7.A.

The main transactions during the year were as follows:

Bond issues by manufacturing and sales companies (excluding Faurecia)

In June 2015, Peugeot S.A. made partial redemptions in a total amount of €500 million:

- €64 million on the €302 million bond maturing in March 2016;
- €109 million on the €571 million bond maturing in October 2016;
- €137 million on the €516 million bond maturing in July 2017;
- €190 million on the €1,000 million bond maturing in March 2018.

In June 2015, Peugeot S.A. repaid the €345 million bond maturing in June 2015.

In May and June 2015, PCA Do Brasil issued two bonds for 84 million real (€26 million) maturing in May 2016, and 250 million real (€58 million) maturing in June 2016.

Bond issues by manufacturing and sales companies (Faurecia)

On March and April 2015, Faurecia issued €700 million in fixed-rate 3.125% bonds maturing in June 2022.

In April 2015, Faurecia completed the early redemption of its €250 million bond maturing in June 2019.

B. Characteristics of the Peugeot S.A. and Faurecia OCEANE convertible bonds

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 amount 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.

OCEANE Peugeot S.A.

On 23 June 2009, Peugeot S.A. issued €575 million worth of OCEANE bonds convertible or exchangeable for new or existing shares, i.e. €25.10 per share. The 22,908,365 bonds are due 4 January 2016 and pay interest at an annual nominal rate of 4.45%.

At 31 December 2015, 1,577,974 bonds had been converted. At inception, the debt component of the OCEANE convertible bonds amounted to €441 million and the equity component to €125 million. The conversion ratio is 1 OCEANE bond for 1.57 shares.

As of 1 January 2016, the remaining OCEANE bonds not converted as of 31 December 2015 were redeemed for €535 million, reducing the debt by the same amount.

OCEANE Faurecia

On 18 September 2012, Faurecia issued €250 million worth of OCEANE bonds convertible or exchangeable for new or existing shares, i.e. €19.48 per share. The 12,833,675 bonds are due on 1 January 2018 and pay interest at an annual nominal rate of 3.25%.

On 7 December 2015, Faurecia announced its intention to buy back at par, on 15 January 2016, the OCEANE bonds convertible or exchangeable for new or existing shares issued in September 2012 for €250 million, maturing on 1 January 2018. Following the announcement of this transaction, 94.5% of the bonds were converted on 31 December 2015, and the remaining nominal amount of outstanding bonds stood at €13.7 million.

At inception, the debt component of the OCEANE convertible bonds amounted to €198 million and the equity component to €47 million. As of 31 December 2015, following the conversions, the debt component stood at €13 million.

C. Characteristics of bonds and other borrowings

(in million euros)	Carrying amount at 31 December 2015 Non-current	Current	Issuing currency	Due
Manufacturing and sales companies (excluding Faurecia)				
2009 convertible bond issue - €575m	-	547	EUR	Q1/2016
Faurecia				
2012 convertible bond issue - €250m	-	14	EUR	Q1/2018
2012 redeemable bond issue - €9m	1	-	EUR	Q4/2016
TOTAL CONVERTIBLE BOND ISSUES	**1**	**561**		
Manufacturing and sales companies (excluding Faurecia)				
2003 bond issue - €600m	854	10	EUR	Q3/2033
2010 bond issue - €312m	-	314	EUR	Q4/2016
2011 bond issue - €150m	-	152	EUR	Q4/2016
2011 bond issue - €238m	-	250	EUR	Q1/2016
2012 bond issue - €378m	377	10	EUR	Q3/2017
2013 bond issue - €810m	806	49	EUR	Q1/2018
2013 bond issue - €600m	595	37	EUR	Q1/2019
Faurecia				
2011 bond issue - €490m	-	492	EUR	Q4/2016
2015 bond issue - €700m	691	1	EUR	Q2/2022
TOTAL BOND ISSUES	**3,323**	**1,315**		
Manufacturing and sales companies (excluding Faurecia) – euro-denominated loans				
EIB loan* - €200m	39	41	EUR	Q3/2017
EIB loan - €65m	12	13	EUR	Q4/2017
EIB loan - €300m	112	60	EUR	2014 to 2018
FDES loan* - Zero coupon	24	-	EUR	Q1/2020
Borrowings - Spain	156	14	EUR	2015 to 2026
Borrowings - Czech Republic	-	-	EUR	Q4/2017
Borrowings - Russia	51	49	EUR	2017 to 2019
Other borrowings	-	3	EUR	nc
Manufacturing and sales companies (excluding Faurecia) – foreign currency loans				
Borrowings - Brazil	130	188	BRL	2015 to 2024
Borrowings - Russia	10	4	RUB	Q2/2019
Other borrowings	23	8	nc	nc
Faurecia				
Other borrowings	246	92	EUR	2014 to 2019
TOTAL OTHER LONG-TERM BORROWINGS	**803**	**472**		

* *EIB: European Investment Bank; FDES: French social and economic development fund.*

D. Characteristics of other short-term financing and overdraft facilities

(in million euros)	Issuing currency	Carrying amount at 31 December 2015	Carrying amount at 31 December 2014
Commercial paper	EUR	31	438
Short-term loans	N/A	440	493
Bank overdrafts	N/A	246	254
Payments issued*	N/A	12	50
Factoring liabilities on assets that have not been derecognised	N/A	124	97
TOTAL		**853**	**1,332**

* *This item corresponds to payments issued but not yet debited from the bank accounts, as the due date was not a bank business day.*

E. 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 2015	31 December 2014
Less than 1 year	43	98
1 to 5 years	43	49
Subsequent years	82	79
	168	**226**
Less interest portion	(7)	(14)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	**161**	**212**
Of which short-term	23	64
Of which long-term	138	148

F. Financing by the assignment of receivables

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions. The financing of receivables in the Automotive Division's dealer networks by financing companies in partnership with Santander totalled €2,573 million, previously financed by subsidiaries of Banque PSA Finance.

The sold receivables are derecognised when they meet the criteria specified in Note 6.2.

Other financing through the sale of receivables is as follows:

	31 December 2015		31 December 2014	
(in million euros)	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised
Portion financed by third party financial institution				
Financed portion*	***1,934***	**-**	***1,682***	***62***
› *of which Faurecia Group*	*665*	-	*637*	*62*

* *The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.*

Furthermore, Peugeot S.A. and Faurecia sold and derecognised in 2015 a portion of their claims on the French State under the tax credit for competitiveness and employment *(crédit d'impôt pour la compétitivité et l'emploi* – CICE), in a total amount of €107 million. The cash proceeds received in the twelve months to 31 December 2015 amounted to €104 million.

Besides, Peugeot S.A. and Faurecia sold and derecognised part of their 2014 French research tax credits, for a total of €122 million. The cash proceeds received at 31 December 2015 amounted to €121 million.

The sale of receivables constitutes usual short-term financing.

No transaction was carried out in December 2015 outside of the sale of receivables programme.

12.7. MANAGEMENT OF FINANCIAL RISKS

A. Financial risk management policy

In the course of its business, PSA 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.

1) Liquidity risk

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 its financial security;
- and, where necessary, issues convertible bonds.

The Group could also raise funds by a capital increase.

This financing policy allows it to seize market opportunities to pre-finance itself and to thereby optimise its financial security.

At 31 December 2015, the net financial position of the manufacturing and sales companies was €4,560 million compared to a €548 million net debt at 31 December 2014. The breakdown of the net debt can be found in Note 12.3.A, and changes thereto in Note 12.3.B. The repayment agenda of financial liabilities is set out in the table below. In June 2010, Peugeot S.A. put in place a €5 billion EMTN programme, €2,488 million of which had been drawn down at end-December 2015.

At 31 December 2015, the manufacturing and sales companies had liquidity reserves of €15,552 million (see Note 12.4) compared to €13,463 million at end-December 2014.

It covers all currently anticipated financing needs for the manufacturing and sales companies over the coming 12 months.

Contractual repayment agenda 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.

31 December 2015 *(in million euros)*	**Assets**	**Liabilities**	**Undiscounted contractual cash flows**					
			2015	**2016**	**2017**	**2018**	**2019**	**> 5 years**
Financial liabilities								
Bonds – principal repayments								
Manufacturing and sales companies – exclud. Faurecia		(2,631)	-	-	(378)	(810)	(600)	(600)
Faurecia		(693)	-	-	-	-	-	(700)
Other long-term debt – principal repayments								
Manufacturing and sales companies – exclud. Faurecia		(937)	-	(385)	(215)	(136)	(83)	(142)
Faurecia		(338)	-	(92)	(61)	(5)	(12)	(136)
Total bonds and other borrowings								
Manufacturing and sales companies – exclud. Faurecia		(3,568)	-	(385)	(593)	(946)	(683)	(742)
Faurecia		(1,031)	-	(92)	(61)	(5)	(12)	(836)
Total interest on bonds and other borrowings								
Manufacturing and sales companies – exclud. Faurecia		(1,369)	-	(1,406)	-	-	-	-
Faurecia		(507)	-	(504)	-	-	-	-
Other short-term debt		(853)	-	(853)	-	-	-	-
Finance lease liabilities		(161)	-	(43)	(14)	(11)	(7)	(86)
Employee profit-sharing fund		(2)	-	-	-	-	-	(2)
Derivative instruments								
Total derivative instruments	**131**	**(79)**	**-**	**28**	**(54)**	**(20)**	**-**	**-**
TOTAL	**131**	**(7,570)**	**-**	**(3,255)**	**(722)**	**(982)**	**(702)**	**(1,666)**

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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 2015.

Drawing on the €3 billion syndicated credit facility established in April 2014 is subject to compliance with:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt of manufacturing and sales companies is defined and disclosed in Note 12.3. The Group's equity is that listed under "Total Equity" in liabilities.

The €1,200 million syndicated line of credit arranged in December 2014 by Faurecia contains only one covenant setting limits on debt.

Adjusted net debt[1]/EBITDA[2] maximum	2.50

(1) Consolidated net debt
(2) EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last 12 months.

The compliance with this ratio is a condition to the availability of this credit facility. As of 31 December 2015, Faurecia complied with this ratio.

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

2) Interest rate risks

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 or at fixed rates.

The gross borrowings of manufacturing and sales companies – excluding Automotive Equipment companies – consist mainly of fixed-rate long-term loans. The proportion of the manufacturing and sales companies' borrowings – excluding Automotive Equipment companies – at variable rates of interest is now 2.5%, 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. Approximately half of the gross borrowings (syndicated credit loan, short term loans, commercial paper) are at variable or renewable rates. The aim of the group's interest rate hedging policy is to reduce the impact of changes in short-term rates on earnings. The hedges comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest rates, 2- and 3-year maturity hedges have been set up during the first half of 2015. These hedges cover a part of the interest on variable rate borrowings, due in 2016 and 2017, against a rise in rates.

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:

(in million euros)		31 December 2015 Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	354	145	427	926
	Variable rate	11,025	-	-	11,025
Total liabilities	Fixed rate	-	(2,382)	(1,686)	(4,068)
	Variable rate	(3,266)	-	-	(3,266)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**354**	**(2,237)**	**(1,259)**	**(3,142)**
	VARIABLE RATE	**7,759**	**-**	**-**	**7,759**
Derivative financial instruments	Fixed rate	(470)	(61)	-	(531)
	Variable rate	531	-	-	531
NET POSITION AFTER HEDGING	**FIXED RATE**	**(116)**	**(2,298)**	**(1,259)**	**(3,673)**
	VARIABLE RATE	**8,290**	**-**	**-**	**8,290**

		31 December 2014			
(in million euros)		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	601	170	416	1,187
	Variable rate	8,535	-	-	8,535
Total liabilities	Fixed rate	(341)	(5,086)	(1,077)	(6,504)
	Variable rate	(2,535)	-	-	(2,535)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**260**	**(4,916)**	**(661)**	**(5,317)**
	VARIABLE RATE	**6,000**	**-**	**-**	**6,000**
Derivative financial instruments	Fixed rate	(470)	(45)	(62)	(577)
	Variable rate	577	-	-	577
NET POSITION AFTER HEDGING	**FIXED RATE**	**(210)**	**(4,961)**	**(723)**	**(5,894)**
	VARIABLE RATE	**6,577**	**-**	**-**	**6,577**

3) Counterparty and credit risks

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.

4) Currency risk

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 2015, the Automotive Division had cash flow hedges on the following currencies: GBP, CHF, USD and JPY.

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 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 2011. 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 2015 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, insofar a hedging relationship exists under IAS 39 standard. 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 2015								
(in million euros)	GBP	JPY	USD	PLN	CHF	ARS	RUB	Other	Total
Total assets	386	45	567	171	29	91	53	234	1,576
Total liabilities	(57)	(23)	(25)	(14)	-	-	(101)	(96)	(316)
Future transactions	469	(130)	70	(135)	140	-	37	(131)	320
Exposure to fixed charge coverage commitments	-	(106)	-	-	-	-	-	-	(106)
NET POSITION BEFORE HEDGING	**798**	**(214)**	**612**	**22**	**169**	**91**	**(11)**	**7**	**1,474**
Derivative financial instruments	(797)	108	(611)	(29)	(169)	(91)	20	(43)	(1,612)
NET POSITION AFTER HEDGING	**1**	**(106)**	**1**	**(7)**	**-**	**-**	**9**	**(36)**	**(138)**

	31 December 2014								
(in million euros)	GBP	JPY	USD	PLN	CHF	RUB	CZK	Other	Total
Total assets	261	71	568	14	25	93	225	315	1,572
Total liabilities	(74)	(45)	(16)	(18)	-	(151)	(301)	(2)	(607)
Future transactions	629	8	41	(108)	38	40	(59)	237	826
Exposure to fixed charge coverage commitments	-	(184)	-	-	-	-	-	-	(184)
NET POSITION BEFORE HEDGING	**816**	**(150)**	**593**	**(112)**	**63**	**(18)**	**(135)**	**550**	**1,607**
Derivative financial instruments	(816)	(36)	(594)	104	(63)	52	38	(555)	(1,870)
NET POSITION AFTER HEDGING	**-**	**(186)**	**(1)**	**(8)**	**-**	**34**	**(97)**	**(5)**	**(263)**

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 2015 (see table below) would have the following direct impact on income before tax and equity:

(in million euros)	JPY/EUR	USD/EUR	PLN/EUR	USD/CAD	CZK/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	1	-	3	-	-
Impact on equity	5	2	7	-	3	-	-	-

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

	31 December 2015							
(in million euros)	RUB/USD	UAH/USD	USD/CAD	UAH/RUB	USD/BRL	USD/ARS	USD/DZD	JPY/RUB
Total assets	-	-	-	-	158	189	-	-
Total liabilities	-	(1)	(11)	-	(41)	(254)	(86)	-
Future transactions	-	-	(9)	-	-	-	-	-
Net position before hedging	**-**	**(1)**	**(20)**	**-**	**117**	**(65)**	**(86)**	**-**
Derivative financial instruments	-	-	22	-	(108)	174	-	-
NET POSITION AFTER HEDGING	**-**	**(1)**	**2**	**-**	**9**	**109**	**(86)**	**-**

	31 December 2014							
(in million euros)	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	116	109	41	-	-	-	-
Total liabilities	-	-	(61)	(261)	(53)	(5)	(1)	-
Future transactions	-	(10)	-	-	-	-	-	-
Net position before hedging	**-**	**106**	**48**	**(220)**	**(53)**	**(5)**	**(1)**	**-**
Derivative financial instruments	-	(110)	(44)	221	-	-	-	-
NET POSITION AFTER HEDGING	**-**	**(4)**	**4**	**1**	**(53)**	**(5)**	**(1)**	**-**

5) 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. The hedging ratios depend on the maturity. 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.

Part of the Automotive Division's exposure to fluctuations in commodity prices is hedged using derivative instruments traded on regulated markets. The aim of these hedges is to minimize the impact of changes in commodity prices on physical deliveries for the Group's production needs.

In 2015, commodity hedges concerned purchases of aluminium, copper, lead, platinum and palladium.

For the Automotive Division, in the event of a 19% rise (fall) in base metal prices (aluminium, copper and lead) and a 19% rise (fall) in precious metal prices (platinum and palladium), the impact of the commodity hedges held at 31 December 2015 would have been a €87 million increase (decrease) in consolidated equity at 31 December 2015 (versus €85 million at 31 December 2014). 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 2015 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.

B. *Hedging instruments*

Derivative instruments are stated at fair value.

They may be classified as hedging instruments if:

- 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 Group uses two hedging relationships:

- **fair value hedges:**

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;

- **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.

Besides, the Group implements currency hedges to protect against changes in the value of receivables and payables denominated in foreign currencies. Change in the fair value of these derivatives is recorded in the income statement, offsetting the change in receivables and payables denominated in foreign currencies, recognised in profit or loss. In cases where the Group has documented a hedging relationship, the ineffective portion is recognised in financial income.

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.

1) Details of values of hedging instruments and notional amounts hedged

	31 December 2015					
	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, currency options and forward foreign exchange contracts	51	(5)	1,027	1,027	-	-
› *Cross-currency swaps*	-	-	*8*	-	*8*	-
Cash flow hedges:						
› Currency options and forward foreign exchange contracts	3	(6)	483	474	9	-
› *Cross-currency swaps*	*50*	-	*51*	-	*51*	-
Trading instruments[(1)]	24	(21)	2,821	2,783	38	-
Of which intragroup	-	-				
Total currency risks	**128**	**(32)**	**4,390**	**4,284**	**106**	**-**
Interest rate risk						
Fair value hedges:						
› Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
› Interest rate swaps and interest rate options	2	(2)	10	-	10	-
Trading instruments[(2)]	-	-	-	-	-	-
Of which intragroup	-	-				
Total interest rate risks	**2**	**(2)**	**10**	**-**	**10**	**-**
Commodity risk						
Cash flow hedges:						
› Swaps	3	(47)	483	281	202	-
Total commodity risks	**3**	**(47)**	**483**	**281**	**202**	**-**
TOTAL	**133**	**(81)**	**4,883**	**4,565**	**318**	**-**
Of which:						
TOTAL FAIR VALUE HEDGES	**51**	**(5)**	**1,035**	**1,027**	**8**	**-**
TOTAL CASH FLOW HEDGES	**58**	**(55)**	**1,027**	**755**	**272**	**-**

(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.

Hedging instruments that are not subject to compensation clauses in case of default by either party do not represent a significant amount for the Automotive Division.

	31 December 2014					
	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, currency options and forward foreign exchange contracts	12	(15)	1,256	1,256	-	-
› *Cross-currency swaps*	*2*	-	*17*	*9*	*8*	-
Cash flow hedges:						
› Currency options and forward foreign exchange contracts	-	(14)	1,087	1,062	25	-
› *Cross-currency swaps*	*67*	-	*93*	-	*93*	-
Trading instruments[1]	55	(56)	7,966	7,879	87	-
Of which intragroup	-	-				
Total currency risks	**136**	**(85)**	**10,419**	**10,206**	**213**	**-**
Interest rate risk						
Fair value hedges:						
› Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
› Interest rate swaps and interest rate options	2	(1)	484	470	14	-
Trading instruments[2]	-	-	-	-	-	-
Of which intragroup	-	-				
Total interest rate risks	**2**	**(1)**	**484**	**470**	**14**	**-**
Commodity risk						
Cash flow hedges:						
› Swaps	6	(12)	429	227	202	-
Total commodity risks	**6**	**(12)**	**429**	**227**	**202**	**-**
TOTAL	**144**	**(98)**	**11,332**	**10,903**	**429**	**-**
Of which:						
TOTAL FAIR VALUE HEDGES	**14**	**(15)**	**1,273**	**1,265**	**8**	**-**
TOTAL CASH FLOW HEDGES	**75**	**(27)**	**2,093**	**1,759**	**334**	**-**

(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.

2) Impact of hedging instruments on income and equity

a) Impact of cash flow hedges

(in million euros)	2015	2014
Change in effective portion recognised in equity	(72)	241
Change in ineffective portion recognised in profit or loss	(10)	-
Effective portion reclassified to the income statement under "Cost of goods and services sold"	(22)	57
Effective portion reclassified to the income statement under "Finance costs"	(2)	71

b) Impact of fair value hedges

(in million euros)	2015	2014
Change in ineffective portion recognised in profit or loss	(91)	(42)
NET IMPACT ON INCOME	**(91)**	**(42)**

The "Net gain (loss) on hedges of borrowings" presented in Note 12.2.A also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

12.8. FINANCIAL INSTRUMENTS

A. Financial assets and liabilities – definitions

Financial assets and liabilities within the meaning of IAS 39 include the items listed in the table in Note 12.8.E.

The event generating the balance sheet recognition is the transaction (i.e. commitment) date, and not the settlement date.

B. Translation of transactions in foreign currencies

In compliance with IAS 21, 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.

C. Recognition and measurement of financial assets

IAS 39 provides for different methods of measurement depending on the nature of the 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.

2) Loans and receivables

"Loans and receivables" are carried at amortised cost measured using the effective interest method. When their maturities are very short, their fair value corresponds to their carrying amount, including any impairment.

3) Available-for-sale financial assets

"Available-for-sale financial assets" are securities that may be held on a lasting basis or sold in the short term. They are recognised in the balance sheet at fair value. Gains and losses arising from remeasurement at fair value are recognised directly in equity. Only impairment losses reflecting a prolonged or significant decline in fair value are recognised in the income statement of the period.

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.

"Investments in non-consolidated companies" are carried on the balance sheet at their acquisition cost, which the Group considers to be representative of fair value, except in cases of impairment.

"Other non-current assets" classified as "available-for-sale" correspond to units in Fonds d'Avenir Automobile (FAA). FAA 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. Its fair value reflects the investments made by the fund.

D. Recognition and measurement of financial liabilities

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.

The method used for measuring and recognising the Group's OCEANE convertible bonds is disclosed in Note 12.6.B.

When the Group obtains government loans at below-market interest rates, the loans' amortised cost is calculated through an effective interest rate based on market rates. The subsidy is recognised in accordance with IAS 20 as related either to assets or to income, depending on the purpose for which the funds are used.

E. Financial instruments reported in the balance sheet

	31 December 2015		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
Other non-current financial assets	669	669	348	-	267	-	54
Other non-current assets(1)	475	475	-	202	272	-	-
Trade receivables	1,624	1,624	-	-	1,624	-	-
Other receivables	1,716	1,716	-	-	1,644	-	72
Current financial assets	570	570	-	-	562	-	8
Financial investments	352	352	352	-	-	-	-
Cash and cash equivalents	10,465	10,465	10,465	-	-	-	-
ASSETS	**15,871**	**15,871**	**11,165**	**202**	**4,369**	**-**	**134**
Non-current financial liabilities(2)	4,267	4,230	-	-	-	4,267	-
Other non-current liabilities(3)	308	308	-	-	288	-	20
Trade payables	8,858	8,858	-	-	8,858	-	-
Other payables	4,806	4,806		-	4,750		56
Current financial liabilities	3,229	3,348	-	-	-	3,224	5
LIABILITIES	**21,468**	**21,550**	**-**	**-**	**13,896**	**7,491**	**81**

(1) Other non-current assets exclude the amount of pension plan surpluses (see Note 9.1), which are not financial assets as defined by IAS 39.
(2) The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€599 million) and Faurecia (€32 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.
(3) Excluding liabilities related to vehicles sold with a buyback commitment.

	31 December 2014		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
Other non-current financial assets	696	696	332	-	295	-	69
Other non-current assets(1)	420	420	-	99	315	-	6
Trade receivables	1,375	1,375	-	-	1,375	-	-
Other receivables	1,662	1,662	-	-	1,586	-	76
Current financial assets	405	405	-	-	392	-	13
Financial investments	266	266	266	-	-	-	-
Cash and cash equivalents	8,477	8,477	8,477	-	-	-	-
ASSETS	**13,301**	**13,301**	**9,075**	**99**	**3,963**	**-**	**164**
Non-current financial liabilities(2)	6,463	6,907	-	-	45	6,418	-
Other non-current liabilities(3)	198	198	-	-	194	-	3
Trade payables	8,177	8,177	-	-	8,177	-	-
Other payables	4,114	4,114		-	4,024		90
Current financial liabilities	2,833	2,835	-	-	-	2,828	5
LIABILITIES	**21,785**	**22,231**	**-**	**-**	**12,440**	**9,246**	**98**

(1) Other non-current assets exclude the amount of pension plan surpluses (see Note 9.1), which are not financial assets as defined by IAS 39.
(2) The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€595 million) and Faurecia (€370 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.
(3) Excluding liabilities related to vehicles sold with a buyback commitment.

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.

F. Information about financial assets and liabilities measured at fair value

	31 December 2015			31 December 2014		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	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						
Other non-current financial assets	-	348	-	-	332	-
Financial investments	-	352	-	-	266	-
Cash and cash equivalents	-	10,465	-	-	8,477	-
Level 2 fair value inputs: based on observable market data						
Other non-current financial assets	54	-	-	69	-	-
Other non-current assets	-	-	-	6	-	-
Other receivables	72	-	-	76	-	-
Current financial assets	8	-	-	13	-	-
Level 3 fair value inputs: not based on observable market data						
Other non-current financial assets	-	-	138	-	-	38
Other non-current assets	-	-	64	-	-	61
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**134**	**11,165**	**202**	**164**	**9,075**	**99**

The change in level 3 fair value does not contain any material items.

	31 December 2015			31 December 2014		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	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						
Current financial liabilities	-	-	-	-	-	-
Level 2 fair value inputs: based on observable market data						
Non-current financial liabilities	-	-	-	-	-	-
Other non-current liabilities	(20)	-	-	(3)	-	-
Other payables	(56)	-	-	(90)	-	-
Current financial liabilities	(5)	-	-	(5)	-	-
Level 3 fair value inputs: not based on observable market data						
Non-current financial liabilities*	-	-	-	-	-	(45)
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**(81)**	**-**	**-**	**(98)**	**-**	**(45)**

* *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".*

G. Information about financial assets and liabilities not measured at fair value

	31 December 2015		Fair value level		
(in million euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities					
Non-current financial liabilities	4,267	4,230	3,358	872	-
Current financial liabilities	3,224	3,301	1,953	1,348	-

	31 December 2014		Fair value level		
(in million euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities					
Non-current financial liabilities	6,463	6,907	5,510	1,397	-
Current financial liabilities	2,828	2,830	803	2,027	-

H. Effect of financial instruments on profit or loss

	2015	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	7	-	-	7	-	-
Total interest expense	(504)	-	-	-	(504)	-
Remeasurement*	(80)	180	-	(28)	1	(233)
Disposal gains and dividends	(224)	-	5	(229)	-	-
Net impairment	(12)	-	(9)	(3)	-	-
TOTAL – MANUFACTURING AND SALES COMPANIES	**(813)**	**180**	**(4)**	**(253)**	**(503)**	**(233)**

* *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

	2014	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	8	-	-	8	-	-
Total interest income	(621)	-	-	-	(621)	-
Remeasurement*	(95)	101	-	(16)	(3)	(177)
Disposal gains and dividends	(250)	-	1	(251)	-	-
Net impairment	(91)	-	(34)	(57)	-	-
TOTAL – MANUFACTURING AND SALES COMPANIES	**(1,049)**	**101**	**(33)**	**(316)**	**(624)**	**(177)**

* *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

12.9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

(in million euros)	31 December 2015	31 December 2014
Guarantees given	328	335
Pledged or mortgaged assets	521	506
	849	**841**

Pledged or mortgaged assets

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB). When the maturities of French government bonds do not correspond to those of loans, commitments are covered in cash.

The following table analyses pledged and mortgaged assets by commitment period:

Pledges or mortgages expiring in the years indicated (in million euros)	31 December 2015	31 December 2014
2015	-	422
2016	451	14
2017	13	13
2018	16	16
Subsequent years	41	41
TOTAL PLEDGED OR MORTGAGED ASSETS	**521**	**506**
Total assets	49,110	61,212
Percentage of total assets	1.1%	0.8%

NOTE 13 FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

13.1. ACCOUNTING POLICIES

A. *Financial assets and liabilities – definitions*

The assets and liabilities of finance companies mainly include loans and receivables, marketable securities and debts.

B. *Recognition and measurement of financial assets*

1) Financial assets at fair value through profit or loss

Marketable securities are carried at fair value through profit or loss if they benefit from interest rate hedges.

Changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change fair value of the economic hedges.

2) Loans and receivables

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Their carrying amount includes the following items before the effect of hedge accounting:

- outstanding principal;
- accrued interest;
- 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 policies. 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 12.7.B).

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.

C. *Recognition and measurement of financial liabilities*

See Note 12.8.D.

13.2. IFRS 5 IMPACT ON THE MAIN INCOME STATEMENT AND BALANCE SHEET ITEMS AS OF 31 DECEMBER 2014

IFRS 5 impacts are described in Note 3.3.A.

13.3. CURRENT FINANCIAL ASSETS

A. Loans and receivables – finance companies

1) Analysis

(in million euros)	31 December 2015		31 December 2014	
	Assets to be contributed to partnership	**Continuing operations**	**Assets to be contributed to partnership**	**Continuing operations**
"Retail, Corporate and Equivalent"				
Credit sales	2,677	261	5,533	2,950
Long-term leases	1,290	47	4,393	190
Leases subject to buyback commitments	534	21	1,552	351
Other receivables	12	6	40	79
Ordinary accounts and other	(106)	(4)	(46)	42
Total net "Retail, Corporate and Equivalent"	**4,407**	**331**	**11,472**	**3,612**
Corporate Dealers				
Wholesale Finance Receivables	1,890	125	4,482	333
Other receivables	20	3	691	46
Other	82	1	292	48
Total net "Corporate Dealers"	**1,992**	**129**	**5,465**	**427**
Remeasurement of interest rate hedged portfolios	-	9	-	39
Eliminations	-	(10)	-	(4)
TOTAL	**6,399**	**459**	**16,937**	**4,074**

Retail, Corporate and Equivalent finance receivables represent loans provided by the finance companies to Peugeot, Citroën and DS customers to purchase or lease vehicles.

Wholesale finance receivables represent amounts due to Peugeot, Citroën and DS 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 of continuing operations do not include any amount in securitised automotive receivables that were still carried on the balance sheet at 31 December 2015 (€1,626 million at 31 December 2014).

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 2015	31 December 2014
	1,382	3,553

3) Maturities of loans and receivables

(in million euros)	31 December 2015					
	Credit sales	**Leases with a buyback commitment**	**Long-term leases**	**Wholesale finance receivables**	**Other***	**Total**
Unallocated	11	2	5	8	(3)	23
Less than three months	42	3	8	83	3	139
Three to six months	29	2	9	25	5	70
Six months to one year	50	4	14	16	-	84
Two to five years	137	11	15	-	-	163
Beyond five years	-	-	-	-	-	-
Total gross loans and receivables outstanding	**269**	**22**	**51**	**132**	**5**	**479**
Guarantee deposits on leases	-	-	(1)	-	-	(1)
Allowances	(8)	(1)	(2)	(7)	-	(18)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**261**	**21**	**48**	**125**	**5**	**460**

* *Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".*

4) Allowances for credit losses

a) Net retail, corporate and equivalent loans and receivables outstanding

(in million euros)	Balance sheet as of 31 December 2015	IFRS 5 declassification	Balance sheet as of 31 December 2014 after declassification	Net production and translation adjustments	Total cost of risk as of 31/12/2015	**Balance sheet as of 31 December 2015**
Performing loans with no past due balances	3,457	(2,864)	593	(270)	-	323
Performing loans with past due balances	119	(84)	35	(20)	-	15
Non-performing loans	150	(94)	56	(39)	(5)	12
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	**3,726**	**(3,042)**	**684**	**(329)**	**(5)**	**350**
Items taken into account in amortised cost calculations	**42**	**(50)**	**(8)**	**1**	**-**	**(7)**
Guarantee deposits	**(8)**	**7**	**(1)**	**-**	**-**	**(1)**
Performing loans with no past due balances	*(1)*	*1*	-	-	-	-
Allowances for performing loans with past due balances	*(19)*	*14*	*(5)*	*2*	*1*	*(2)*
Allowances for non-performing loans	*(128)*	*77*	*(51)*	*40*	*2*	*(9)*
Allowances	**(148)**	**92**	**(56)**	**42**	**3**	**(11)**
TOTAL NET RETAIL, CORPORATE AND EQUIVALENT LOANS AND RECEIVABLES OUTSTANDING	**3,612**	**(2,993)**	**619**	**(286)**	**(2)**	**331**
Allowances booked during the period						(4)
Allowances released during the period (utilisations)						7

b) Net corporate dealer loans and receivables outstanding

(in million euros)	Balance sheet as of 31 December 2014	IFRS 5 declassification	Balance sheet as of 31 December 2014 after declassification	Net production and translation adjustments	Total cost of risk as of 31/12/2015	Balance sheet as of 31 December 2015
Performing loans with no past due balances	361	(198)	163	(35)	-	128
Performing loans with past due balances	2	(2)	-	-	-	-
Non-performing loans	99	(80)	19	(8)	(3)	8
Total gross Corporate Dealer loans and receivables outstanding	**462**	**(280)**	**182**	**(43)**	**(3)**	**136**
Items taken into account in amortised cost calculations	**-**	**-**	**-**	**-**	**-**	**-**
Guarantee deposits	**(1)**	**1**	**-**	**-**	**-**	**-**
Performing loans with no past due balances	*(4)*	*4*	-	-	-	-
Allowances for performing loans with past due balances	-	-	-	-	-	-
Allowances for non-performing loans	*(30)*	*19*	*(11)*	*1*	*3*	*(7)*
Allowances	**(34)**	**23**	**(11)**	**1**	**3**	**(7)**
TOTAL NET CORPORATE DEALER LOANS AND RECEIVABLES OUTSTANDING	**427**	**(256)**	**171**	**(42)**	**-**	**129**
Allowances booked during the period						(3)
Allowances released during the period (utilisations)						6

B. Short-term investments – Finance companies

Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

C. Cash and cash equivalents

	31 December 2015		31 December 2014	
(in million euros)	Assets to be contributed to partnership	Continuing operations	Assets to be contributed to partnership	Continuing operations
Ordinary accounts in debit*	279	67	970	362
› Central banks and post office banks (deposits)	28	155	23	308
› Term loans classified as cash equivalents	12	12	-	641
› French Treasury bonds classified as cash equivalents	-	251	-	252
› Mutual funds	88	1	-	47
Liquidity reserve	128	419	23	1,248
TOTAL	**407**	**486**	**993**	**1,610**

* *Including the last direct debits on customer accounts for the period.*

Cash and cash equivalents include Banque PSA Finance's liquidity reserves, which amounted to €547 million at 31 December 2015 (€1,271 million at 31 December 2014), €24 million in term loans (€641 million at 31 December 2014), €183 million in central bank deposits (€331 million at 31 December 2014), €251 million in French treasury bonds and €89 million invested in mutual funds (€47 million at 31 December 2014).

13.4. FINANCING LIABILITIES – FINANCE COMPANIES

		31 December 2015			31 December 2014		
		Liabilities of operations to be continued in partnership		Liabilities of continuing operations	Liabilities of operations to be continued in partnership		Liabilities of continuing operations
(in million euros)	Notes	Transferred	Not transferred		Transferred	Not transferred	
Securities issued by securitisation funds	*13.4.A*	1,099	-	-	4,830	-	765
Bond debt		7	-	-	-	-	-
Other debt securities	*13.4.B*	46	1,777	34	-	3,254	2,192
Bank borrowings	*13.4.C*	380	522	330	280	5,423	928
		1,532	**2,299**	**364**	**5,110**	**8,677**	**3,885**
Customer deposits	*13.4.D*	1,729	-	161	2,373	-	446
		3,261	**2,299**	**525**	**7,483**	**8,677**	**4,331**
Amounts due to Group manufacturing and sales companies		-	-	*(171)*	-	-	*(363)*
TOTAL		**3,261**	**2,299**	**354**	**7,483**	**8,677**	**3,968**

The following detailed analysis covers the liabilities of continuing operations and other non-transferred liabilities.

Of the €5,423 million in liabilities to credit institutions not transferred at 31 December 2014, the Group prepaid €2,999 million of the syndicated term-loan on 6 February 2015 (see Note 13.4.G).

A. Bonds issued by securisation funds

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. These transactions are reported under "Bonds issued by securitisation funds" for €1,099 million at 31 December 2015 (€5,595 million at 31 December 2014).

B. Other debt securities

"Other debt securities" consist mainly of EMTN/BMTNs for €1,743 million (€5,148 million at 31 December 2014), down in particular following the €1,230 million redemption relating to the debt issued with a French State guarantee.

C. Bank borrowings

At 31 December 2015, the "liabilities to credit institutions" item amounted to €1,232 million (€6,631 million at 31 December 2014). The reduction in this item is attributable chiefly to the debts of operations to be continued in partnership but not transferred, and resulted from the repayment of:

- the drawn portion of the syndicated term loan in the amount of €2,999 million (see Note 13.4.G);
- the drawn portion of the funding of €1,300 million obtained under the European Central Bank's long-term refinancing operation (LTRO) in the amount of €1,250 million;
- the drawn portion of the revolving bilateral credit facilities in the amount of €228 million (see Note 13.4.G).

D. Customer deposits

The total funds of the interest-bearing passbook savings account for private customers amount to €1,508 million at 31 December 2015 (€2,074 million at 31 December 2014) out of total amounts owed to customers of €1,890 million repayable at any time (€2,819 million at 31 December 2014). The saving account in Germany amounted to €1,082 million at period-end (€1,074 million at 31 December 2014).

E. Analysis by maturity

(in million euros)	31 December 2015			
	Bonds issued by securitisation funds	**Other debt securities**	**Bank borrowings**	**Total**
› Less than three months	-	1,000	604	1,604
› Three months to one year	-	487	87	574
› Two to five years	-	20	161	181
› Beyond five years	-	304	-	304
TOTAL	**-**	**1,811**	**852**	**2,663**
Of which liabilities of continuing operations	-	*34*	*330*	*364*
Of which non-transferred liabilities of operations to be continued in partnership	-	*1,777*	*522*	*2,299*

(in million euros)	31 December 2014			
	Bonds issued by securitisation funds	Other debt securities	Bank borrowings	Total
› Less than three months	129	964	2,111	3,204
› Three months to one year	147	1,495	243	1,885
› Two to five years	489	2,781	3,997	7,267
› Beyond five years	-	206	-	206
TOTAL	**765**	**5,446**	**6,351**	**12,562**
Of which liabilities of continuing operations	*765*	*2,192*	*928*	*3,885*
Of which non-transferred liabilities of operations to be continued in partnership	-	*3,254*	*5,423*	*8,677*

F. 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 2015			31 December 2014		
	Other debt securities	**Bank borrowings**	**Total**	Other debt securities	Bank borrowings	Total
EUR	13	60	73	2,274	332	2,606
Other currencies	21	270	291	683	596	1,279
TOTAL	**34**	**330**	**364**	**2,957**	**928**	**3,885**

Liabilities consisting of debt securities include bonds, securities issued as part of securitization transactions and other debt securities.

G. Credit lines

(in million euros)	**31 December 2015**	31 December 2014
Commitments of operations to be continued in partnership		
› Lines not transferred	1,382	5,200
› Transferred lines	118	646
Commitments of continuing operations	461	518
UNDRAWN CONFIRMED LINES OF CREDIT	**1,961**	**6,364**

At 31 December 2014, the credit lines totalling €6,364 million are detailed as follows:

- €1,966 million in undrawn revolving bilateral lines of credit for €2,423 million, comprising mainly long-term financing commitments received;
- €152 million in undrawn various bank lines of credit;
- €1,100 million undrawn from the €4,099 million syndicated term loan;
- various syndicated back-up credit facilities totalling €3,146 million.

On 6 February 2015, Banque PSA Finance announced the establishment of a new syndicated loan in the amount of €700 million maturing in five years. This credit facility is part of the launch of the partnership between Banque PSA Finance and Santander Consumer Finance in France and the UK, resulting in a sharp reduction in Banque PSA Finance's financing needs and associated financial securities. Simultaneously, Banque PSA Finance repaid and cancelled the €4,099 million syndicated term loan and the €3,146 million syndicated back-up facility.

At 31 December 2015, the credit lines totalling €1,961 million are detailed as follows:

- €1,088 million in undrawn revolving bilateral lines of credit for €1,154 million, comprising mainly long-term financing commitments received;
- €700 million in undrawn syndicated back-up credit facilities totalling €700 million expiring in February 2020;
- €173 million in undrawn various bank lines of credit.

13.5. MANAGEMENT OF FINANCIAL RISKS

A. *Financial risk management policy*

In the course of its business, Banque PSA Finance is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks.

As Santander is responsible for financing the activities continued in partnership with it, the risk management set out below relates to Banque PSA Finance's own operations.

1) Liquidity risk

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.

Following the establishment of local partnerships with SCF, funding will no longer be Banque PSA Finance's sole responsibility. Until their implementation and for non-transferred operations, funding will be provided by Banque PSA Finance. Given the establishment on 6 February 2015 of a new syndicated loan and the repayment and cancellation of the syndicated term loan and syndicated back-up credit facility, the system in force ensures the financing over the next 12 months of continuing operations and operations to be continued in partnership, until the date of their creation.

Financing is arranged by Banque PSA Finance with maturities that cover the maturities of the retail financing portfolio. In addition to the financing that has been drawn down, undrawn credit facilities have been arranged bilaterally or with syndicates of leading banks. The bank also has cash reserves of €547 million, including €401 million in high-quality liquid assets as of 31 December 2015 (see Note 13.3.C).

Financing strategy implemented in 2015

In 2015, Banque PSA Finance used various sources of funding: bank deposits (consumer savings and deposit account), bonds and securitisation transactions, as well as syndicated back-up credit facilities and revolving bilateral lines. As a regulated credit institution, Banque PSA Finance also has access to refinancing at the European Central Bank (ECB).

At 31 December 2015, 20% of the financing was provided by bank facilities, 29% by the capital markets, 18% by securitisation transactions, 7% by "other financing" (none of public origin such as the ECB), and 26% by the savings business.

€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. The final approval of the European Commission on the French State guarantee in favour of Banque PSA Finance was obtained on 29 July 2013. A guarantee monitoring committee, comprising representatives of the French State and the Group, will oversee the implementation of the guarantee.

The state guarantee has been used in the amount of €1,500 million and will benefit two bond issues until their redemption: €1,200 million issued in April 2013 and €300 million issued in July 2014.

Following the start of operations in France and the United Kingdom of the first joint ventures owned equally by Banque PSA Finance and Santander Consumer Finance, Banque PSA Finance has announced that it will no longer use the French State guarantee for new bond issues (see Note 1.3). The agreement on the French state guarantee concluded between the French government and Banque PSA Finance has been adjusted to include early termination of drawdowns and the state's acquisition of a stake in the Group's capital, by simplifying the monitoring mechanisms and setting out the conditions for the exercise of the state's specific rights.

The two bond issues enjoying a French State guarantee were the subject of a buyback in 2015. The tranche maturing in April 2016 has a remaining notional amount of €257 million out of a total issued amount of €1,200 million. This issue will be guaranteed by the French State until maturity. The tranche maturing in July 2017 (€300 million issued) was fully redeemed in two steps: March 2015 and November 2015.

Renewal of bank facilities

Details of bank facilities are provided in Note 13.4.G.

On 5 February 2015, Banque PSA Finance signed a new syndicated credit facility for €700 million with a maturity of five years. On the same date, Banque PSA Finance repaid and cancelled the syndicated credit facility for €4,099 million and the revolving credit facility for €1.2 billion, both signed on 11 January 2013 along with the syndicated credit facility initially granted for €2 billion on 13 December 2011.

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 agenda. The derivative instruments used to hedge contractual future interest payments are not analysed by period.

Banque PSA Finance *(in million euros)*	31 December 2015	Not analysed	0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Assets							
Cash	486	-	486	-	-	-	-
Short-term investments – finance companies	96	-	96	-	-	-	-
Derivative instruments*	14	14	-	-	-	-	-
Other non-current financial assets	42	-	-	-	-	-	42
Loans and receivables – finance companies	468	11	139	70	85	163	-
TOTAL CASH FLOWS FROM ASSETS	**1,106**	**25**	**721**	**70**	**85**	**163**	**42**
Liabilities							
Derivative instruments*	10	10	-	-	-	-	-
Financing liabilities	524	1	315	22	33	152	1
Non-transferred financing liabilities of operations to be continued in partnership	2,604	41	1,791	487	35	20	230
TOTAL CASH FLOWS FROM LIABILITIES	**3,138**	**52**	**2,106**	**509**	**68**	**172**	**231**

* *Intercompany loans and borrowings with manufacturing and sales companies are mainly short-term.*

Covenants

When signing the new syndicated credit facility, the terms of the covenants were reviewed and no longer include the obligation to be backed by a State guarantee for future bond issues.

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 negative 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.

In addition to these covenants representing market practices, the new syndicated credit facility for €700 million continues to require retention of bank status, and hence compliance with the regulatory ratios applying to all French banks, compliance with a "Common Equity Tier One" capital ratio of at least 11% and a prohibition on providing more than €250 million in financing to Peugeot S.A.

All applicable clauses were complied with in 2015.

2) Interest rate risks

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. 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 2015 for Banque PSA Finance.

The net interest rate position of finance companies is as follows:

(in million euros)		31 December 2015			
		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	2,953	2,954	-	5,907
	Variable rate	2,000	-	-	2,000
Total liabilities	Fixed rate	(1,679)	(226)	(230)	(2,135)
	Variable rate	(4,148)	-	-	(4,148)
NET POSITION BEFORE HEDGING	**FIXED RATE**	**1,274**	**2,728**	**(230)**	**3,772**
	VARIABLE RATE	**(2,148)**	**-**	**-**	**(2,148)**
Derivative financial instruments	Fixed rate	1,245	(1,245)	-	-
	Variable rate	(250)	23	230	3
NET POSITION AFTER HEDGING	**FIXED RATE**	**2,519**	**1,483**	**(230)**	**3,772**
	VARIABLE RATE	**(2,398)**	**23**	**230**	**(2,145)**

Sensitivity tests show that an increase or a decrease by 1% in average interest rates would have had a positive or negative impact on income before tax between -€10 million and +€3 million. The extent of this sensitivity is due to the preparation of hedging portfolios prior to the transfer to the Banque PSA Finance and Santander Consumer Finance joint ventures.

3) Counterparty and credit risks

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfill 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 13.1.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. For its companies operated jointly with a partner, Banque PSA Finance has contractual mechanisms to ensure that it is properly involved in the decision-making and risk-monitoring process.

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.

Defaults with no impairment concern only corporate loans. Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.

Since 2014, there are no more defaults with no impairment, considering the collective impairment of Corporate sound receivables.

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.

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 monetary 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 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 and have a key role in the relationship with the banks.

4) Currency risk

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 2015				
(in million euros)	GBP	PLN	CZK	Other	Total
Total assets	255	137	35	13	440
Total liabilities	(213)	-	-	(472)	(685)
NET POSITION BEFORE HEDGING	**42**	**137**	**35**	**(459)**	**(245)**
Derivative financial instruments	(42)	(137)	(35)	459	245
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**

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.

B. Hedging instruments: finance companies

The different types of hedges and their accounting treatment are described in Note 12.7.B.

1) Details of values of hedging instruments and notional amounts hedged

Offsetting notional amounts have been netted to make the financial statements easier to read.

	31 December 2015					
	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	107	-	410	410	-	-
Interest rate risk						
Fair value hedges:						
› Interest rate swaps	(94)	(9)	5,342	2,927	2,186	229
Cash flow hedges:						
› Interest rate swaps	-	-	-	-	-	-
Trading instruments	1	(1)	1,318	-	1,318	-
TOTAL	**14**	**(10)**	**7,070**	**3,337**	**3,504**	**229**
Of which intragroup	-	-				
TOTAL FAIR VALUE HEDGES	**13**	**(9)**	**5,752**	**3,337**	**2,186**	**229**
TOTAL CASH FLOW HEDGES	**-**	**-**	**-**	**-**	**-**	**-**

2) Impact of hedging instruments on income and equity

a) Impact of cash flow hedges

(in million euros)	2015	2014
Effective portion reclassified to the income statement under "Cost of goods and services sold"	-	1

b) Impact of fair value hedges

(in million euros)	2015	2014
Gains and losses on hedged customer loans recognised in profit or loss	(15)	16
Gains and losses on hedges of customer loans recognised in profit or loss	12	(17)
NET IMPACT ON INCOME	**(3)**	**(1)**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	46	36
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit or loss	(42)	(34)
NET IMPACT ON INCOME	**4**	**2**

13.6. FINANCIAL INSTRUMENTS

A. Financial instruments reported in the balance sheet under continuing operations

	31 December 2015		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
Other non-current financial assets	42	42	42	-	-	-	-
Other non-current assets	11	11	-	11	-	-	-
Loans and receivables – finance companies	468	470	-	-	468	-	-
Short-term investments – finance companies	96	96	96	-	-	-	-
Other receivables	131	131	-	-	117	-	14
Cash and cash equivalents	486	486	486	-	-	-	-
ASSETS	**1,234**	**1,236**	**624**	**11**	**585**	**-**	**14**
Financing liabilities – finance companies	525	530	-	-	-	525	-
Non-transferred financing liabilities of operations to be continued in partnership	2,604	2,611	-	-	-	2,604	-
Other payables	117	117	-	-	107	-	10
LIABILITIES	**3,246**	**3,258**	**-**	**-**	**107**	**3,129**	**10**

B. Information about financial assets and liabilities measured at fair value

The fair values of the marketable securities held by finance companies are at level 2.

C. Information about financial assets and liabilities not measured at fair value

	31 December 2015		Fair value level		
(in million euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans and receivables – finance companies	468	470	-	-	470
Liabilities					
Financing liabilities – finance companies	362	364	33	-	331
Non-transferred financing liabilities of operations to be continued in partnership	2,299	2,306	1,779	-	527

D. *Effect of financial instruments on profit or loss*

(in million euros)	2015 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
Finance companies						
Total interest income	106	-	-	106	-	-
Total interest expense	(48)	-	-	-	(48)	-
Remeasurement*	43	(1)	-	(15)	46	13
Net impairment	(1)	-	-	(1)	-	-
TOTAL – FINANCE COMPANIES	**100**	**(1)**	**-**	**90**	**(2)**	**13**

* *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

Concerning the Finance companies, the impact on the income statement of assets and liabilities pursuant to IAS 39 is recognised in "recurring operating income".

13.7. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

	31 December 2015			31 December 2014		
	Commitments of operations to be continued in partnership		Commitments of continuing operations	Commitments of operations to be continued in partnership		Commitments of continuing operations
(in million euros)	Transferred	Not transferred		Transferred	Not transferred	
Financing commitments to customers	203	-	5	1,128	-	130
Guarantees given on behalf of customers and financial institutions	-	-	-	124	2,009	132
	203	**-**	**5**	**1,252**	**2,009**	**262**

NOTE 14 INCOME 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.

14.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	2015	2014
Current taxes		
Corporate income taxes	(361)	(247)
Deferred taxes		
Deferred taxes arising in the year	(147)	481
Impairment losses on and unrecognised deferred tax assets	(198)	(540)
TOTAL	**(706)**	**(306)**

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 29 December 2013 raising this tax rate to 38% applies up to December 2015. The cap on offsetting tax loss carryforwards against taxable profit for the year is maintained at 50% in 2015.

At 31 December 2015, deferred tax liabilities falling due in 2016, 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 above.

Deferred taxes were tested for impairment on the basis of five-year tax estimates, consistent with the impairment testing of the Automotive Division CGU.

14.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX IN FRANCE AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

This reconciliation covers the full results of consolidated companies regardless of their classification in the statement of income.

(in million euros)	2015	2014
Pre-tax profit (loss) from continuing operations	1,334	(631)
Pre-tax profit (loss) before tax on expenses related to operations to be continued in partnership	(174)	(457)
Pre-tax profit (loss) from operations to be continued in partnership	342	564
Income (loss) before tax of fully-consolidated companies	**1,502**	**(524)**
French statutory income tax rate for the period	*38.0%*	*38.0%*
Theoretical tax expense for the period based on the French statutory income tax rate	**(571)**	**199**
Tax effect of the following items:		
› Permanent differences	(185)	(83)
› Income taxable at reduced rates	25	17
› Tax credits	13	16
› Profit in France not subject to the surtax	25	(45)
› Effect of differences in foreign tax rates and other	154	119
Income tax before impairment losses on the French tax group	**(539)**	**223**
› Assets on French tax consolidation deficits of Peugeot S.A. generated during the year and unrecognised or impaired	(170)	(354)
› Other impairment losses	(28)	(186)
INCOME TAX EXPENSE	**(737)**	**(317)**
› of which tax expense on continuing operations	(706)	(306)
› of which tax expense on expenses related to operations to be continued in partnership	60	157
› of which tax expense on operations to be continued in partnership	(91)	(168)

Tax credits include research tax credits that do not meet the definition of government grants.

14.3. CHANGE IN TAX ITEMS ON THE BALANCE SHEET

A. Analysis by nature

(in million euros)	31 December 2015	31 December 2014
Current Taxes		
Assets	119	94
Liabilities	(164)	(164)
	(45)	**(70)**
Defered Taxes		
Assets before offsetting of French tax group loss	*994*	*750*
Offsetting of French tax group loss	*(413)*	*(160)*
Net assets	581	590
Liabilities	(969)	(640)
	(388)	**(50)**

B. Movements for the year

(in million euros)	2015	2014
Current taxes		
At beginning of period	**(70)**	**43**
IFRS 5 declassification	(6)	(38)
Expense	(361)	(247)
Equity	-	-
Payments	385	178
Translation adjustments and other charges	7	(6)
AT END OF PERIOD	**(45)**	**(70)**
Deffered Taxes		
At beginning of period	**(50)**	**(289)**
IFRS 5 declassification	(42)	219
Expense	(216)	(14)
Equity	15	17
Translation adjustments and other charges	(95)	17
AT END OF PERIOD	**(388)**	**(50)**

14.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)	2015	2014
Tax credits	**10**	**11**
Deferred tax assets on tax loss carryforwards		
Gross (1)	**5,164**	**5,030**
Valuation allowances	(1,643)	(1,976)
Previously unrecognised deferred tax assets(2)	(2,939)	(2,657)
Deferred tax asset offset (French tax group)(3)	(415)	(160)
Other deferred tax assets offset	-	(41)
Total deferred tax assets on tax loss carryforwards	**167**	**196**
Other deferred tax assets	404	383
DEFERRED TAX ASSETS	**581**	**590**
Deferred tax liabilities before offsetting(4)	(1,384)	(800)
Deferred tax liabilities offset (French tax group)(3)	415	160
DEFERRED TAX LIABILITIES	**(969)**	**(640)**

(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 2015.

(2) Of the impaired unrecognised deferred tax assets, €677 million (€753 million at 31 December 2014) are related to Faurecia, and €1,973 million are related to the French tax group (€1,615 million at 31 December 2014), including €32 million recognised directly in equity.

(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 14.1).

(4) The main temporary differences that generate deferred tax liabilities arise from the capitalisation of research and development costs and differences in amortisation or depreciation methods or periods.

The tax loss carryforwards of the French tax group amount to €12,309 million at 31 december 2015.

NOTE 15 EQUITY AND EARNINGS PER SHARE

15.1. EQUITY

A. *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 shares, 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 drawdown on the confirmed credit facilities of Peugeot S.A. and GIE PSA Trésorerie is subject to compliance with an equity-based financial ratio (see Note 12.4).

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 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 reduce the Company's share capital.

Furthermore, the Group may carry out capital increases when holders of Peugeot S.A. OCEANE bonds present their bonds for conversion when shares held for allocation on conversion of the OCEANE are insufficient (see Note 15.1.C). There was no capital increase as a result of the conversion of OCEANE bonds in 2015.

B. *Analysis of share capital and changes in the year*

Rights issues

Capital increase reserved for employees

The capital increase reserved for employees, which was initiated in the final quarter of 2014, was finalised in January 2015. More than 15,280 employees participated in the "Accelerate" offer, with a substantially higher rate of subscription than for the share purchase offer. It resulted in the issuance of 3,499,973 new shares of the Company and the delivery of 1,199,990 treasury shares as matching contributions.

Capital increase consecutive to the exercise of equity warrants

As part of the capital increases carried out in the first half of 2014, equity warrants were issued to former shareholders, exercisable from the second year. At 31 December 2015, 62,881,270 warrants had been exercised, out of a total of 342,060,365 warrants issued. Their exercise resulted in the delivery of 22,008,688 new shares and a cash inflow of €142 million. The number of warrants outstanding as at year-end was 279,179,095, corresponding to 97,712,683 shares at an exercise price of €6.43 each.

Grants of performance shares by Peugeot S.A.

The performance share plan established in the first half of 2015 is described in Note 7.2.

Analysis of share capital

(in euros)	2015	2014
Share capital at beginning of period	783,088,675	354,848,992
Rights issue reserved to Dong Feng Motors and to the French state	-	428,239,683
Rights issue reserved to the employees	3,499,973	-
Equity warrants converted into shares	22,008,688	-
SHARE CAPITAL AT END OF PERIOD	**808,597,336**	**783,088,675**

Situation at 31 December 2015

Share capital amounted to €808,597,336 at 31 December 2015, divided into 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. Following the capital increases carried out in the first half of 2015, the stakes of SOGEPA, Dong Feng Motor Group and the Peugeot family (FFP and Établissements Peugeot Frères) each stood at 13.7% (14.1% at 31 December 2014). Pursuant to Article 11 of the Articles of Association revised at the Shareholders' Meeting of 25 April 2014, shares registered in the name of the same holder for at least two years carry double voting rights. In accordance with the agreements concluded as part of the capital increases carried out in 2014, the Peugeot family companies undertook to neutralise the impact of their double voting rights at the Shareholders' Meeting by aligning their voting rights with the number of shares held by DFG and SOGEPA after said capital increases, i.e. 110,622,220 shares.

The share price on 31 December 2015 was €16.21.

C. Treasury shares

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury shares are taken to equity, so that any disposal gains or losses have no impact on profit.

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares. No shares were bought back in 2015.

Changes in treasury shares are presented in the following table:

1) Number of shares held

(number of shares)	Notes	2015 Transactions	2014 Transactions
At beginning of period		**12,788,339**	**12,788,627**
Delivery of treasury shares as part of the capital increase reserved for employees		(1,199,990)	-
Conversion of OCEANE bonds		(2,475,086)	(288)
AT PERIOD-END		**9,113,263**	**12,788,339**
Allocation			
› Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		7,543,682	8,636,181
› Shares held for allocation on exercise of outstanding stock options	*7.2.A*	1,569,581	2,942,961
› Coverage of the capital increase reserved for employees		-	1,200,000
› Unallocated shares		-	9,197
		9,113,263	**12,788,339**

No purchases or cancellation of shares were made in 2014 or 2015.

2) Change in value

(in million euros)	2015	2014
At beginning of period	**(296)**	**(351)**
Preferential subscription rights sold on the market	-	55
Shares delivered following the conversion of OCEANE bonds	33	-
Shares delivered to employees as part of the "Accelerate" reserved capital increase	25	-
At period-end	**(238)**	**(296)**
Average price per share (in euros)	26.12	

The purchase price of treasury shares is deducted from equity.

The share price on 31 December 2015 was €16.21.

D. 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 2015	31 December 2014
Peugeot S.A. legal reserve	78	35
Other Peugeot S.A. statutory reserves and retained earnings	12,042	8,769
Reserves and retained earnings of subsidiaries, excluding minority interests	(2,135)	(20)
TOTAL	**9,985**	**8,784**

Other Peugeot S.A. statutory reserves and retained earnings include:

(in million euros)	31 December 2015	31 December 2014
Reserves available for distribution:		
› Without any additional corporate tax being due	10,974	7,701
› After deduction of additional tax*	1,068	1,068
TOTAL	**12,042**	**8,769**
Tax on distributed earnings	**198**	**198**

* *Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.*

E. Minority interests

Minority interests correspond mainly to the interests of other shareholders of Faurecia.

15.2. BASIC 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:

A. Basic earnings per share – Attributable to equity holders of the parent

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 shares.

	2015	2014
Consolidated basic earnings of continuing operations – attributable to equity holders of the parent *(in million euros)*	648	(1,102)
Consolidated basic earnings – attributable to equity holders of the parent *(in million euros)*	899	(706)
Average number of €1 par value shares outstanding	788,956,575	611,267,664
Basic earnings per €1 par value share of continuing operations – attributable to equity holders of the parent *(in euros)*	**0.82**	**(1.80)**
BASIC EARNINGS PER €1 PAR VALUE SHARE *(in euros)* **– ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT**	**1.14**	**(1.15)**

B. Diluted earnings per share – Attributable to equity holders of the parent

Diluted earnings per share are calculated by the treasury shares 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.

The Peugeot S.A. OCEANE bonds, performance share grants (see Note 7.2) and the equity warrants had a potential dilutive effect on 31 December 2015.

The following tables show the effects of the calculation:

1) Effect on the average number of shares

	Notes	2015	2014
Average number of €1 par value shares outstanding		788,956,575	611,267,664
Dilutive effect, calculated by the treasury shares method, of:			
› Stock option plans	*7.2.A*	-	-
› Outstanding OCEANE convertible bonds	*12.6.B*	33,488,703	-
› Equity warrants	*15.1.B*	41,045,939	-
› Performance share plans	*7.2.B*	1,848,975	-
Diluted average number of shares		**865,340,192**	**611,267,664**

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2) Effect of Faurecia dilution on consolidated earnings of continuing operations – attributable to equity holders of the parent

(in million euros)	2015	2014
Consolidated profit (loss) from continuing operations – attributable to equity holders of the parent	648	(1,102)
Dilutive effect of Faurecia (OCEANE bond conversions, stock options and performance share grants)	(1)	-
CONSOLIDATED PROFIT (LOSS) FROM CONTINUING OPERATIONS (AFTER FAURECIA DILUTION EFFECT)	**647**	**(1,102)**
Diluted earnings of continuing operations – attributable to equity holders of the parent per €1 par value share *(in euros)*	0.75	(1.80)

3) Effect of Faurecia dilution on consolidated earnings – attributable to equity holders of the parent

(in million euros)	2015	2014
Consolidated profit (loss) attributable to equity holders of the parent	899	(706)
Dilutive effect of Faurecia (OCEANE bond conversions, stock options and performance share grants)	(1)	-
CONSOLIDATED PROFIT (LOSS) AFTER FAURECIA DILUTION	**898**	**(706)**
Diluted earnings attributable to equity holders of the parent per €1 par value share *(in euros)*	1.04	(1.15)

The performance share grants of Faurecia have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the Group. Consequently, they have a potential dilutive effect on consolidated profit attributable to the Group.

Due to their terms, the Faurecia stock options' plans do not have any material dilutive impact in 2014 and 2015.

NOTE 16 NOTES TO THE CONSOLIDATED STATEMENTS 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;
- bonds' redemptions are classified under cash flows from financing activities.

16.1. ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

(in million euros)	Notes	31 December 2015	31 December 2014
Cash and cash equivalents	*12.5.C*	10,465	8,477
Payments issued	*12.6.D*	(12)	(50)
Net cash and cash equivalents – manufacturing and sales companies		**10,453**	**8,427**
Net cash and cash equivalents – finance companies	*13.3.C*	**893**	**2,603**
Elimination of intragroup transactions		*(55)*	*(128)*
TOTAL		**11,291**	**10,902**

16.2. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

(in million euros)	Notes	2015	2014
Depreciation and amortisation expense	*5.2*	(2,636)	(2,370)
Impairment of:			
› goodwill	*8.1.B*	-	-
› capitalised development costs	*8.1.B*	(58)	(20)
› intangible assets	*8.1.B*	5	(1)
› property, plant and equipment	*8.2.B*	205	(43)
Negative goodwill recognised on a bargain purchase	*5.4*	-	-
Other		(8)	(37)
TOTAL		**(2,492)**	**(2,471)**

16.3. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

Interest received and paid by manufacturing and sales companies is included in working capital provided by operations, and is as follows:

(in million euros)	2015	2014
Interest received	175	75
Interest paid	(534)	(595)
NET INTEREST RECEIVED (PAID)	**(359)**	**(520)**

16.4. DETAIL OF CASH FLOW FROM OPERATIONS TO BE CONTINUED IN PARTNERSHIP

(in million euros)	2015	2014
Other expenses related to the non-transferred financing of operations to be continued in partnership	(115)	(300)
Change in liabilities related to the financing of operations to be continued in partnership	(8,124)	(1,155)
NET CASH RELATED TO THE NON-TRANSFERRED DEBT OF FINANCE COMPANIES TO BE CONTINUED IN PARTNERSHIP	**(8,239)**	**(1,455)**
Profit (loss) from operations to be held for sale or to be continued in partnership	251	397
Change in assets and liabilities of operations to be held for sale or to be continued in partnership	599	2,092
Net dividends received from operations to be held for sale or to be continued in partnership	(88)	(231)
NET CASH FROM THE TRANSFERRED ASSETS AND LIABILITIES OF OPERATIONS TO BE HELD FOR SALE FOR SALE OR TO BE CONTINUED IN PARTNERSHIP	**762**	**2,258**

16.5. DETAIL OF FREE CASH FLOW FROM MANUFACTURING AND SALES OPERATIONS

Operational free cash flow includes cash flows generated by operations net of investing activities excluding non-recurring items. It is determined as follows:

(in million euros)	2015	2014
Net cash from (used in) operating activities of continuing operations	5,432	3,728
Net cash from (used in) investing activities of continuing operations	(2,692)	(2,259)
Dividends received from Banque PSA Finance	918	228
Free cash flow	**3,658**	**1,697**
Minus, net cash from non-recurring operating operations	(145)	(385)
OPERATIONAL FREE CASH FLOW FROM MANUFACTURING AND SALES OPERATIONS	**3,803**	**2,082**

Non-recurring operational cash flows mainly include cash flows from restructuring and the exceptional portion of the dividend paid by Banque PSA Finance in 2015.

NOTE 17 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2015:

(in million euros)	Notes	31 December 2015	31 December 2014
› Financing commitments	*12.9*	849	841
› Operating commitments	*8.4*	2,722	2,737
Manufacturing and sales companies		**3,571**	**3,578**
Finance companies	*13.7*	**208**	**3,523**

17.1. 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.

17.2. 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 in December 2012. At 31 December 2015, 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 and GEFCO groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. At 31 December 2015, the Group had not identified any material risks associated with these representations and warranties.

NOTE 18 RELATED PARTY TRANSACTIONS

Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

Transactions with companies accounted for by the equity method are disclosed in Note 11.5. Other than these transactions, there were no significant transactions with other related parties.

NOTE 19 SUBSEQUENT EVENTS

Within the scope of the framework agreement between Banque PSA Finance and Santander Consumer Finance (SCF and its subsidiaries), the Italian joint venture has obtained approval from local and European regulatory authorities to start operations in early January 2016. The joint venture will provide wholesale financing to Peugeot, Citroën and DS dealers in Italy, as well as retail financing to the dealers' customers.

The Dutch joint venture began operating on 1 February 2016.

On 28 January 2016, PSA and Iran Khodro signed a joint venture agreement to produce latest-generation vehicles in Iran. This 50/50 joint venture is expected to invest up to €400 million over the next five years in manufacturing and R&D capacity.

The agreement provides for:

- the restoration of contractual relations concerning the manufacture of Peugeot-branded vehicles currently produced in Iran;
- the creation of a joint venture on an industrial site in Tehran to produce new latest-generation Peugeot vehicles, on a platform that will also be used by Iran Khodro to develop its own vehicles;
- the capacity to export JV products across the region.

The agreement will come into effect once it is implemented, i.e., around mid-2016. The first vehicles will roll off the production line at the Tehran plant in the second half of 2017.

NOTE 20 FEES PAID TO THE AUDITORS

	Mazars		Ernst & Young		PricewaterhouseCoopers	
(in million euros)	2015	2014	2015	2014	2015	2014
Audit						
Statutory and contractual audit services						
› Peugeot S.A.	0.2	0.2	0.3	0.3	-	-
› Fully-consolidated subsidiaries	2.3	2.7	8.7	8.4	3.5	3.0
o/w France	*1.2*	*1.3*	*2.6*	*2.6*	*0.9*	*0.7*
o/w International	*1.1*	*1.4*	*6.1*	*5.8*	*2.6*	*2.3*
Audit-related services						
› Peugeot S.A.	-	0.2	0.1	0.2	-	-
› Fully-consolidated subsidiaries	-	-	-	0.1	-	-
o/w France	-	-	-	-	-	-
o/w International	-	-	-	*0.1*	-	-
Sub-total	**2.5**	**3.1**	**9.1**	**9.0**	**3.5**	**3.0**
o/w Faurecia	-	-	4.9	4.4	3.5	3.0
Excluding Faurecia	2.5	3.1	4.2	4.6	-	-
	100%	*100%*	*100%*	*100%*	*95%*	*91%*
Other services provided to subsidiaries						
Legal and tax services	-	-	-	-	0.1	0.3
Other	-	-	-	-	0.1	-
Sub-total	**-**	**-**	**-**	**-**	**0.2**	**0.3**
o/w Faurecia	-	-	-	-	-	-
Excluding Faurecia	-	-	-	-	0.2	0.3
					5%	*9%*
TOTAL	**2.5**	**3.1**	**9.1**	**9.0**	**3.7**	**3.3**
o/w Faurecia	-	-	4.9	4.4	3.5	3.0
Excluding Faurecia	2.5	3.1	4.2	4.6	0.2	0.3

Faurecia's Statutory Auditors are Ernst & Young and PricewaterhouseCoopers

NOTE 21 CONSOLIDATED COMPANIES AT 31 DECEMBER 2015

The Companies listed below are fully consolidated, except those marked with an asterisk (*), which are consolidated by the equity method, and those marked with two asterisks (**), which are consolidated as joint operations and recognised in proportion to the share of assets, liabilities, revenue and expenses controlled by the Group.

Company	Country	% interest	Company	Country	% interest
Other businesses					
PEUGEOT S.A.	France	100	SARAL	Luxembourg	100
FINANCIÈRE PERGOLÈSE	France	100	PSA INTERNATIONAL S.A.	Switzerland	100
GIE PSA TRÉSORERIE	France	100	GROUPE GEFCO	France	25
GRANDE ARMÉE PARTICIPATIONS	France	100	GROUPE PMTC – PEUGEOT MOTOCYCLES	France	49
Automotive					
PEUGEOT CITROËN AUTOMOBILES S.A.	France	100	PEUGEOT DEUTSCHLAND GMBH	Germany	100
PEUGEOT ALGÉRIE SPA	Algeria	100	CITROËN HUNGARIA KFT	Hungary	100
CIRCULO DE INVERSORES S.A.	Argentina	100	PEUGEOT HUNGARIA KFT	Hungary	100
PEUGEOT CITROËN ARGENTINE	Argentina	100	CITROËN ITALIA S.P.A.	Italy	100
CITROËN OSTERREICH GMBH	Austria	100	PEUGEOT AUTOMOBILI ITALIA S.P.A.	Italy	100
PEUGEOT AUSTRIA GMBH	Austria	100	PEUGEOT CITROËN RETAIL ITALIA S.P.A.	Italy	100
PEUGEOT AUTOHAUS GMBH	Austria	100	PSA SERVICES SRL	Italy	100
CITROËN BÉLUX	Belgium	100	PEUGEOT CITROËN JAPON CO. LTD.	Japan	100
PEUGEOT BELGIQUE LUXEMBOURG	Belgium	100	PEUGEOT TOKYO	Japan	100
S.A. PEUGEOT DISTRIB. SERVICE	Belgium	100	PEUGEOT MEXIQUE	Mexico	100
CITROËN DO BRASIL	Brasil	100	SERVICIOS AUTOMOTORES FRANCO-MEXICANA S DE RL DE CV	Mexico	100
PCI DO BRASIL LTDA	Brasil	100	CITROËN POLSKA SP.Z.O.O.	Poland	100
PEUGEOT CITROËN COMERCIAL EXPORTADORA LT	Brasil	100	PEUGEOT POLSKA SP. ZO. O.	Poland	100
PEUGEOT CITROEN DO BRASIL AUTOMOVEIS LTDA	Brasil	100	AUTOMOVEIS CITROËN S.A.	Portugal	100
AUTO. FRANCO CHILENA SA	Chile	100	PEUGEOT CITROËN AUTOMOVEIS PORTUGAL S.A.	Portugal	99
PEUGEOT CHILE	Chile	100	PEUGEOT PORTUGAL AUTOMOVEIS DISTRIBUCAO	Portugal	100
PEUGEOT CITROËN (CHINA) AUTOMOTIVE TRADE CO	China	100	PEUGEOT PORTUGAL AUTOMOVEIS S.A.	Portugal	100
PSA (SHANGHAI) MANAGEMENT CO. LIMITED	China	100	PEUGEOT CITROËN RUSSIE	Russian Federation	100
CITROËN HRVATSKA	Croatia	100	CITROËN SLOVAKIA S.R.O.	Slovakia	100
PEUGEOT HRVATSKA	Croatia	100	PCA SLOVAKIA	Slovakia	100
CITROËN CESKA REPUBLIKA S.R.O.	Czech Republic	100	PEUGEOT SLOVAQUIE	Slovakia	100
PCA LOGISTIKA CZ	Czech Republic	100	PSA SERVICES CENTRE EUROPE	Slovakia	100
PEUGEOT CESKA REPUBLIKA S.R.O.	Czech Republic	100	CITROËN SLOVENIJA D.O.O.	Slovenia	100
CITROËN DANMARK A/S	Denmark	100	PEUGEOT SLOVENIJA D.O.O.	Slovenia	100
AUTOMOBILES CITROËN	France	100	PEUGEOT CITROËN SOUTH AFRICA	South Africa	100
AUTOMOBILES PEUGEOT	France	100	AUTOMOVILES CITROËN ESPANA S.A.	Spain	100
CENTRAUTO	France	100	COMERCIAL CITROËN	Spain	97
CITROËN ARGENTEUIL	France	100	HISPANOMOCION S.A.	Spain	100
CITROËN CHAMP DE MARS	France	100	PCA ESPANA SA	Spain	100
CITROËN DUNKERQUE	France	100	PEUGEOT ESPANA S.A.	Spain	100

Company	Country	% interest	Company	Country	% interest
CONCEPTION D'ÉQUIPEMENTS PEUGEOT CITROËN	France	100	CITROËN SVERIGE AB	Sweden	100
DJ 56	France	100	CITROËN (SUISSE)	Switzerland	100
FRANÇAISE DE MÉCANIQUE	France	100	LÖWEN-GARAGE AG BERNE	Switzerland	97
GEIE SEVELIND	France	100	PEUGEOT CITROËN GESTION INTERNATIONAL	Switzerland	100
MÉCANIQUE ET ENVIRONNEMENT SAS	France	100	PEUGEOT SUISSE S.A.	Switzerland	100
PEUGEOT CITROËN MÉCANIQUES EST SNC	France	100	CITROËN NEDERLAND B.V.	The Netherlands	100
PEUGEOT CITROËN MÉCANIQUES N-OUEST SNC	France	100	PCMA HOLDING B.V.	The Netherlands	70
PEUGEOT CITROËN PIÈCES DE RECHANGE	France	100	PEUGEOT NEDERLAND N.V.	The Netherlands	100
PEUGEOT MÉDIA PRODUCTION	France	100	PEUGEOT OTOMOTIV PAZARLAMA	Turkey	100
PEUGEOT SAINT DENIS AUTOMOBILES	France	100	TEKOTO ANKARA AS	Turkey	100
PEUGEOT-CITROËN AULNAY SNC	France	100	TEKOTO BURSA AS	Turkey	100
PEUGEOT-CITROËN MULHOUSE SNC	France	100	TEKOTO ISTANBUL AS	Turkey	100
PEUGEOT-CITROËN RENNES SNC	France	100	PEUGEOT CITROËN UKRAINE LLC	Ukraine	100
PEUGEOT-CITROËN SOCHAUX SNC	France	100	ASTON LINE MOTORS LTD	United Kingdom	100
PRINCE GARAGE DES PETITS PONTS	France	100	BOOMCITE LTD	United Kingdom	100
PSA INNOVATION ET DESIGN	France	100	CITROËN UK LTD	United Kingdom	100
S.I.A. DE PROVENCE	France	100	MELVIN MOTORS (BISHOPBRIGGS) LTD	United Kingdom	100
SABRIE	France	100	PEUGEOT CITROËN AUTOMOBILE UK	United Kingdom	100
SEVELNORD	France	100	PEUGEOT CITROËN RETAIL GROUP LTD	United Kingdom	100
SNC PEUGEOT POISSY	France	100	PEUGEOT MOTOR COMPANY	United Kingdom	100
SOCIÉTÉ COMMERCIALE AUTOMOBILE	France	100	ROOTES LTD	United Kingdom	100
SOCIÉTÉ DE PIÈCES ET SERVICES AUTOMOBILE DE L'OUEST	France	100	WARWICK WRIGHT MOTORS CHISWICK LTD	United Kingdom	100
SOCIÉTÉ LILLOISE DE SERVICES ET DE DISTRIBUTION DE PIÈCES DE RECHANGE	France	100	TOYOTA PCA CZECH	Czech Republic	50**
SOCIÉTÉ LYONNAISE DE PIÈCES ET SERVICES AUTOMOBILE	France	100	SOCIETA EUROPEA VEICOLI LEGGERI S.P.A.	Italy	50**
SOCIÉTÉ MÉCANIQUE AUTOMOBILE DE L'EST	France	100	PCMA AUTOMOTIV RUS OOO	Russian Federation	70**
SOCIÉTÉ NOUVELLE ARMAND ESCALIER	France	100	CHANGAN PSA AUTOMOBILES LIMITED	China	50*
SOCIÉTÉ PIÈCES ET ENTRETIEN AUTOMOBILE BORDELAIS	France	100	DONGFENG PEUGEOT CITROËN AUTOMOBILES	China	50*
STÉ COMMERCIALE CITROËN	France	100	DONGFENG PEUGEOT CITROËN AUTOMOBILES INTERNATIONAL PTE LTD	China	50*
STÉ COMMERCIALE DE DISTRIBUTION PIÈCES DE RECHANGE ET SERVICES	France	100	DONGFENG PEUGEOT CITROËN AUTOMOBILES SALES COMPANY LTD	China	50*
TECHNOBOOST	France	60	WUHAN SHELONG HONGTAI AUTOMOTIVE KO LTD	China	10*
CITROËN DEUTSCHLAND GMBH	Germany	100	STAFIM	Tunisia	34*
PEUGEOT CITROËN DEUTSCHLAND GMBH	Germany	100	STAFIM-GROS	Tunisia	34*
PEUGEOT CITROËN RETAIL DEUTCHLAND GMBH	Germany	100			
Automotive equipment					
FAURECIA	France	47	FAURECIA AUTOMOTIVE POLSKA SPOLKA AKCYJNA	Poland	47
FAURECIA ARGENTINA SA	Argentina	47	FAURECIA GORZOW SP ZOO	Poland	47

Company	Country	% interest	Company	Country	% interest
FAURECIA EXTERIORS ARGENTINA	Argentina	47	FAURECIA GROJEC R&D CENTER SP Z.O.O.	Poland	47
FAURECIA SISTEMAS DE ESCAPE ARGENTINA	Argentina	47	FAURECIA LEGNICA SP Z.O.O.	Poland	47
AUTOMOTIVE EXTERIORS BELGIUM	Belgium	47	FAURECIA WALBRZYCH SPZ.O.O.	Poland	47
FAURECIA AUTOCOMPONENT EXTERIOR SYSTEMS HOLDING	Belgium	47	EDA ESTOFAGEM DE ASSENTOS	Portugal	47
FAURECIA AUTOMOTIVE BELGIUM	Belgium	47	FAURECIA ASSENTOS DE AUTOMOVEL	Portugal	47
FAURECIA INDUSTRIE N.V.	Belgium	47	FAURECIA SISTEMAS DE ESCAPE	Portugal	47
FAURECIA AUTOMOTIVE DO BRASIL	Brasil	47	FAURECIA SISTEMAS DE INTERIOR DE PORTUGAL	Portugal	47
FAURECIA SISTEMAS DE ESCAPAMENTO DO BRASIL LTDA	Brasil	47	SASAL	Portugal	47
FAURECIA AUTOMOTIVE SEATING CANADA LTD	Canada	47	EURO AUTOMOTIVE PLASTIC SYSTEMS	Rumania	23
FAURECIA EMISSIONS CTRL TECHN. CANADA LTD	Canada	47	FAURECIA SEATING TALMACIU S.R.L.	Rumania	47
CHANGCHUN FAURECIA XUYANG AUTOMOTIVE SEAT CO	China	28	FAURECIA AUTOCOMPONENT EXTERIOR SYSTEMS	Russian Federation	47
CHANGSHA FAURECIA EMISSIONS CONTROL TECHNOLOGIES CO. LTD	China	47	FAURECIA AUTOMOTIVE DEVELOPMENT	Russian Federation	47
CHENGDU FAURECIA LIMIN AUTOMOTIVE SYSTEMS COMPANY LIMITED	China	37	FAURECIA METALLO PRODUCKCIA EXHAUST SYSTEMS	Russian Federation	33
CHONGQING GUANGNENG FAURECIA INTERIOR SYST. COMPANY LTD	China	23	OOO FAURECIA AUTOMOTIV	Russian Federation	28
CUMMINGS BEIJING	China	47	FAURECIA SLOVAKIA S.R.O.	Slovakia	47
DONGFENG FAURECIA AUTOMOTIVE INTERIOR SYSTEMS CO. LTD	China	23	E.C.T. S.A. CAPE TOWN	South Africa	47
EMCON EMMI TECH. CHONGQING CO LIMITED	China	34	FAURECIA EXHAUST SYSTEMS SOUTH AFRICA LTD	South Africa	47
EMCON ENV TECH. YANTAI CO LIMITED	China	47	FAURECIA INTERIOR SYST. PRETORIA (PROPRIETARY) LTD	South Africa	47
EMISSIONS CONTROL TECHNOLOGIES (SHANGAÏ) CO LIMITED	China	31	FAURECIA INTERIOR SYSTEMS SOUTH AFRICA (PTY) LTD	South Africa	47
EMISSIONS CONTROL TECHNOLOGIES FOSHAN COMPANY LIMITED	China	24	FAU JIT AND SEQUENCING KOREA	South Korea	47
EMISSIONS CONTROL TECHNOLOGIES NINGBO HANGZHOU BAY NEW DISTRICT	China	31	FAURECIA AUTOMOTIVE SEATING KOREA LIMITED	South Korea	47
FAURECIA (CHANGCHUN) AUTOMOTIVE SYSTEMS	China	47	FAURECIA EMISSIONS CONTROL SYSTEMS KOREA	South Korea	47
FAURECIA (CHINA) HOLDING CO. LTD	China	47	FAURECIA SHIN SUNG CO LTD	South Korea	28
FAURECIA (GUANGZHOU) AUTOMOTIVE SYSTEMS CO	China	47	FAURECIA TRIM KOREA LTD	South Korea	47
FAURECIA (NANJING) AUTOMOTIVE SYSTEMS CO	China	47	ASIENTOS DE CASTILLA LEON	Spain	47
FAURECIA (QUINGDAO) EXHAUST SYSTEMS CO LTD	China	47	ASIENTOS DE GALICIA S.L.	Spain	47
FAURECIA (SHANGAI) AUTOMOTIVE SYSTEMS	China	47	ASIENTOS DEL NORTE	Spain	47
FAURECIA (SHENYANG) AUTOMOTIVE SYSTEMS CO LTD	China	47	EMCON TECHNOLOGIES SPAIN SL	Spain	47
FAURECIA (WUHAN) AUTOMOTIVE COMPONENTS SYSTEMS CO	China	47	FAURECIA ASIENTOS PARA AUTOMOVIL ESPANA	Spain	47
FAURECIA (WUHAN) AUTOMOTIVE SEATING CO LTD	China	47	FAURECIA AUTOMOTIVE ESPANA	Spain	47
FAURECIA (WUHU) EXHAUST SYSTEMS CO LTD	China	47	FAURECIA AUTOMOTIVE EXTERIORS ESPANA S.A.	Spain	47
FAURECIA (WUXI) SEATING COMPONENTS CO LTD	China	47	FAURECIA INTERIOR SYSTEMS ESPANA	Spain	47
FAURECIA (YANCHENG) AUTOMOTIVE SYSTEMS COMPANY LIMITED	China	47	FAURECIA INTERIOR SYSTEMS SALC ESPANA S.L.	Spain	47

Company	Country	% interest	Company	Country	% interest
FAURECIA CHANGCHUNG XUYANG INTERIORS SYSTEMS CO	China	28	FAURECIA SISTEMAS DE ESCAPE ESPANA	Spain	47
FAURECIA EMISS. CTRL TECH. DEVELOP. (SHANGHAI) CY LTD	China	47	INCALPLAS S.L.	Spain	47
FAURECIA EMISSIONS CTRL TECHNOLOGIES (CHENGDU) CO	China	24	TECNOCONFORT	Spain	23
FAURECIA EXHAUST SYSTEMS CHANGCHUN COMPANY LTD	China	24	VALENCIA MODULOS DE PUERTA SL	Spain	47
FAURECIA HONGHU EXHAUST SYSTEMS SHANGAI COMPANY LTD	China	31	FAURECIA INTERIOR SYSTEMS SWEDEN AB	Sweden	47
FAURECIA NHK (XIANGYANG) AUTOMOTIVE SEATING CO LTD	China	24	E.C.T. CO LIMITED	Thailand	47
FAURECIA TONGDA EXHAUST SYSTEM (WUHAN) COMPANY LTD	China	23	FAURECIA & SUMMIT INTERIOR SYSTEMS	Thailand	23
FAURECIA-GSK AUTOMOTIVE SEATING CO LTD	China	24	FAURECIA INTERIOR SYSTEMS THAILAND	Thailand	47
FOSHAN FAURECIA XUYANG INTERIOR SYST. CNY LIMITED	China	28	EMCON TECHNOLOGIES DUTCH HLDGS BV	The Netherlands	47
NANCHANG	China	24	FAURECIA AUTOMOTIVE SEATING B.V.	The Netherlands	47
NINGBO	China	42	FAURECIA EMISSIONS CONTROL TECHNOLOGIES NETHERLANDS B.V.	The Netherlands	47
POWERGREEN EMISSIONS CONTROL TECHNOLOGIES CO. LTD	China	42	FAURECIA NETHERLANDS HOLDING B.V.	The Netherlands	47
SHANGHAI FAURECIA AUTOMOTIVE SEATING CO LTD	China	26	FAURECIA INFORMATIQUE TUNISIE	Tunisia	47
EMCON TECH. CZECH REPUBLIC	Czech Republic	47	STÉ TUNISIENNE D'EQUIPEMENTS AUTOMOBILES	Tunisia	47
FAURECIA AUTOMOTIVR CZECH REPUBLIC	Czech Republic	47	FAURECIA POLIFLEKS OTOMOTIV SANAYI VE TICARET ANONIM SIRKETI	Turkey	47
FAURECIA COMPONENTS PISEK S.R.O	Czech Republic	47	EMCON TECHNOLOGIES UK LIMITED	United Kingdom	47
FAURECIA EXHAUST SYSTEMS MORAVIA S.R.O	Czech Republic	47	FAURECIA AUTOMOTIV SEATING UK LTD	United Kingdom	47
FAURECIA EXHAUST SYSTEMS S.R.O.	Czech Republic	47	FAURECIA MIDLANDS LTD	United Kingdom	47
FAURECIA INTERIOR SYSTEMS BOHEMIA S.R.O.	Czech Republic	47	SAI AUTOMOTIVE FRADLEY	United Kingdom	47
FAURECIA INTERIORS PARDUBICE S.R.O	Czech Republic	47	SAI AUTOMOTIVE WASHINGTON LIMITED	United Kingdom	47
AUTOMOTIVE SANDOUVILLE	France	47	FAURECIA AUTOMOTIV SEATING INC	United States of America	47
ETUD. ET CONSTR. SIÈGES PR L'AUTOMOBILE	France	47	FAURECIA E.C.T. USA LLC	United States of America	47
FAURECIA ADP HOLDING	France	28	FAURECIA EXHAUST SYSTEMS INC	United States of America	47
FAURECIA AUTOMOTIVE HOLDINGS INC	France	47	FAURECIA INTERIOR LOUISVILLE LLC	United States of America	47
FAURECIA AUTOMOTIVE INDUSTRIE	France	47	FAURECIA INTERIOR SYSTEMS HOLDINGS LLC	United States of America	47
FAURECIA AUTOMOTIVES COMPOSITES	France	47	FAURECIA INTERIOR SYSTEMS INC	United States of America	47
FAURECIA BLOC AVANT	France	47	FAURECIA INTERIOR SYSTEMS SALINE LLC	United States of America	47
FAURECIA EXHAUST INTERNATIONAL	France	47	FAURECIA MADISON AUTOMOTIVE SEATING INC	United States of America	47
FAURECIA EXTERIORS INTERNATIONAL	France	47	FAURECIA NORTH AMERICA HOLDINGS LLC	United States of America	47
FAURECIA INDUSTRIE	France	47	FAURECIA USA HOLDINGS, INC	United States of America	47
FAURECIA INTÉRIEUR INDUSTRIE	France	47	FNK NORTH AMERICA	United States of America	47

Company	Country	% interest	Company	Country	% interest
FAURECIA INTÉRIEURS MORNAC	France	47	FAURECIA AUTOMITIVE DEL URUGAY	Uruguay	47
FAURECIA INTÉRIEURS SAINT QUENTIN	France	47	SAS AUTOMOTRIZ ARGENTINA SA	Argentina	23*
FAURECIA INVESTISSEMENT	France	47	SAS AUTOMOTIVE BELGIUM	Belgium	23*
FAURECIA METALLOPRODUCKIA HOLDING	France	33	FMM PERNAMBUCO COMPONENTES AUTOMOTIVOS LTDA	Brasil	16*
FAURECIA SEATING FLERS	France	47	SAS AUTOMOTIVE DO BRASIL	Brasil	23*
FAURECIA SERVICES GROUPE	France	47	CHANGCHUN FAURECIA XUYANG AUTOMOTIVE COMPONENTS TECHNOLOGIES R&D	China	21*
FAURECIA SIÈGES D'AUTOMOBILES SAS	France	47	CHANGCHUN HUAXIANG FAURECIA AUTO. PLASTIC COMPONENTS CO	China	23*
FAURECIA SYSTÈMES D'ECHAPPEMENTS	France	47	DONGFENG FAURECIA AUTOMOTIVE EXTERIOR SYSTEMS CO. LIMITED	China	23*
HAMBACH AUTOMOTIVE EXTERIORS SAS	France	47	DONGFENG FAURECIA AUTOMOTIVE PARTS SALES CO. LTD	China	23*
SIEBRET	France	47	DONGGUAN CSM FAURECIA AUTOMOTIVE SYSTEMS COMPANY LIMITED	China	23*
SIEDOUBS	France	47	FAURECIA CHANGCHUN XUYANG FAURECIA ACOUSTICS & SOFT TRIM CO LTD	China	19*
SIELEST	France	47	JINAN FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS COMPANY LIMITED	China	23*
SIEMAR	France	47	LANZHOU FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS COMPANY	China	23*
TRECIA SAS	France	47	SAS (WUHU) AUTOMOTIVE SYSTEMS CO LTD	China	23*
EMCON TECH. GERMANY AUGSBURG	Germany	47	WUHAN HONGTAI CHANGPENG AUTOMOTIVE COMPONENTS CO. LIMITED	China	23*
EMCON TECH. GERMANY FINNENTROP	Germany	47	XIANGTAN FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CNY LTD	China	23*
EMCON TECH. GERMANY NOVAFERRA	Germany	47	ZHEJIANG FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CNY LTD	China	23*
FAURECIA ABGASTECHNIK GMBH	Germany	47	SAS AUTOSYSTEMTECHNIK SRO	Czech Republic	23*
FAURECIA ANGELL-DEMMEL GMBH	Germany	47	AMMINEX EMISSIONS SYSTEMS APS	Denmark	20*
FAURECIA AUTOMOTIVE GMBH	Germany	47	AUTOMOTIVE PERFORMANCE MATERIALS (APM)	France	23*
FAURECIA AUTOSITZE GMBH	Germany	47	COCKPIT AUTOMOTIVE SYSTEMS DOUAI	France	23*
FAURECIA EXTERIORS GMBH	Germany	47	SAS AUTOMOTIV FRANCE	France	23*
FAURECIA KUNSTOFFE AUTOMOBILSYSTEME	Germany	47	SAS AUTOSYSTEMTECHNIK GMBH AND CO KG	Germany	23*
SAI AUTOMOTIVE PEINE GMBH	Germany	47	SAS AUTOSYSTEMTECHNIK VERWALTUNG GMBH	Germany	23*
EMCON TECHNOLOGIES KFT	Hungary	47	NHK F. KRISHNA INDIA AUTOMOTIVE SEATING PRIVATE LIMITED	India	9*
EMCON TECHNOLOGIES INDIA PVT LIMITED	India	34	FAURECIA NHK CO LIMITED	Japan	23*
FAURECIA AUTOMOTIV SEATING INDIA PRIVATE	India	47	FAURECIA SAS AUTOMOTIVE SYSTEMS & SERVICES SA DE CV	Mexico	23*
FAURECIA AZIN PARS COMPANY	India	23	FAURECIA SAS AUTOMOTIVE SYSTEMS SA DE CV	Mexico	23*
FAURECIA EMISSIONS CONTROL TEC	India	47	SAS AUTOSYSTEM DE PORTUGAL UNIPESSOAL LTDA	Portugal	23*
FAURECIA TECHNOLOGY CENTER INDIA PTY LTD	India	47	VANPRO ASSENTOS LIMITADA	Portugal	23*
FAURECIA EMISSIONS CONTROL TECHNOLOGIES ITALY SRL	Italy	47	FAURECIA AUTOMOTIVE SRO	Slovakia	23*
FAURECIA JAPAN K.K.	Japan	47	KWANG JIN FAURECIA LIMITED	South Korea	23*
HOWA INTERIOR'S	Japan	23	COMPONENTES DE VEHICULOS DE GALICIA	Spain	23*

Company	Country	% interest	Company	Country	% interest
FAURECIA AST LUXEMBOURG SA	Luxembourg	47	COPO IBERICA	Spain	23*
FAURECIA HICOM EMISSIONS CONTROL TECHNOLOGIES (M) SDN BHD	Malaya	30	INDUSTRIAS COUSIN FRÈRES S.L.	Spain	23*
EMCON TECH. HLDGS 2 S. DE RL	Mexico	47	SAS AUTOSYSTEMTECHNIK SA	Spain	23*
EXHAUST SERVICES MEXICANA SA	Mexico	47	SAS OTOSISTEM TECKNIT TICARET VE LIMITED	Turkey	23*
FAURECIA HOWA INTERIORS DE MEXICO SA DE CV	Mexico	24	TEKNIK MALZEME TVSAS	Turkey	23*
FAURECIA SISTEMAS AUTOMOTRICES DE MEXICO	Mexico	47	FAURECIA DMS LEVERAGE LENDER LLC	United States of America	21*
SERVICIOS CORPORATIVOS DE PERSONAL ESPECIALIZADO	Mexico	47	FAURECIA JV IN DETROIT	United States of America	21*
FAURECIA EQUIPEMENTS AUTOMOBILES MAROC	Morocco	47	SAS AUTOMOTIVE USA INC	United States of America	23*
Finance					
BANQUE PSA FINANCE	France	100	PSA FINANCE POLSKA SP.ZO.O.	Poland	100
PSA ASSURANCE S.A.S.	France	100	PSA FINANCE CESKA REPUBLIKA S.R.O.	Czech Republic	100
BPF ALGÉRIE	Algeria	100	ECONOMY DRIVE CARS LIMITED	United Kingdom	100
FCT AUTO ABS GERMAN LOANS – COMPARTIMENT 2011-2	Germany	100	VERNON WHOLESALE INVESTMENT COMPANY LTD	United Kingdom	100
AUTO ABS DFP MASTER COMPARTMENT GERMANY 2013	Germany	100	BANK PSA FINANCE RUS	Russian Federation	100
FCT AUTO ABS – COMPARTIMENT 2013-1	Germany	100	PSA FINANCE SLOVAKIA S.R.O.	Slovakia	100
AUTO ABS GERMAN LEASE MASTER	Germany	100	BPF FINANCIRANJE D.O.O.	Slovenia	50
AUTO ABS GERMAN LOANS MASTER	Germany	100	BPF PAZARLAMA A.H.A.S.	Turkey	100
PSA FINANCE ARGENTINA COMPANIA FINANCIERA S.A.	Argentina	50	CREDIPAR	France	50*
PSA FINANCE BELUX	Belgium	100	CIE POUR LA LOCATION DE VÉHICULES – CLV	France	50*
BANCO PSA FINANCE BRASIL S.A.	Brasil	100	SOCIÉTÉ FINANCIÈRE DE BANQUE – SOFIB	France	50*
PSA ARRANDAMENTO MERCANTIL S.A.	Brasil	100	FCT AUTO ABS – COMPARTIMENT 2011-1	France	50*
FONDS D'INVESTISSEMENTS EN DROITS DE CRÉANCES	Brasil	100	FCT AUTO ABS – COMPARTIMENT 2012-1	France	50*
PSA FINANCIAL D.O.O.	Croatia	100	AUTO ABS DFP MASTER COMPARTMENT FRANCE 2013	France	50*
PSA FINANCE HUNGARIA ZRT.	Hungary	100	FCT AUTO ABS FRENCH LOANS MASTER	France	50*
PSA FACTOR ITALIA S.P.A.	Italy	100	AUTO ABS FCT2 2013-A	France	50*
PSA RENTING ITALIA S.P.A	Italy	100	FCT AUTO ABS – COMPARTIMENT 2013-2	France	50*
AUTO ABS S.R.L. – COMPARTIMENT 2012-2	Italy	100	FCT AUTO ABS3 – COMPARTIMENT 2014-01	France	50*
ABS ITALIAN LOANS MASTER S.R.L.	Italy	100	DONGFENG PEUGEOT CITROËN AUTO FINANCE COMPANY LTD	China	25*
PSA SERVICES LTD	Malta	100	PSA FINANCIAL SERVICES SPAIN E.F.C. S.A.	Spain	50*
PSA LIFE INSURANCE LTD	Malta	100	FTA AUTO ABS – COMPARTIMENT 2012-3	Spain	50*
PSA INSURANCE LTD	Malta	100	PSA INSURANCE EUROPE LTD	Malta	50*
PSA INSURANCE MANAGER LTD	Malta	100	PSA LIFE INSURANCE EUROPE LTD	Malta	50*
BANQUE PSA FINANCE MEXICO SA DE CV SOFOM	Mexico	100	PSA FINANCE UK LTD	United Kingdom	50*
PSA FINANCE NEDERLAND B.V.	The Netherlands	100	AUTO ABS UK LOANS PLC – COMPARTIMENT 2012-5	United Kingdom	50*
PSA FINANCIAL HOLDING B.V.	The Netherlands	100	PSA FINANCE SUISSE S.A.	Switzerland	50*
PSA FINANCIAL SERVICES NEDERLAND B.V.	The Netherlands	100	AUTO ABS SWISS LEASE 2013 GMBH	Switzerland	50*
PEUGEOT FINANCE INTERNATIONAL N.V.	The Netherlands	100			

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5.7. 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.

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 2015, 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 2015 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.

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:

- the preparation of the consolidated financial statements requires your Group to make estimates and assumptions regarding the valuation of certain assets, liabilities, income and expenses, the most significant of which are outlined in Note 2.2 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 this note to the consolidated 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 8.3 to the consolidated financial statements "Asset Impairment" describes the accounting methods and assumptions used for impairment tests. We verified that the impairment tests were carried out correctly, and the reasonableness of the underlying estimates and assumptions, we reviewed the calculations which led to the recognition of the impairment and we verified that this note to the consolidated financial statements provides relevant information;
- as indicated in Note 14 to the consolidated financial statements "Income taxes", deferred tax assets and liabilities are accounted for in the statement of financial position. This note indicates, amongst other things, that the existing tax-loss carry forwards relating to the French tax consolidation which have not been offset by deferred tax liabilities as of 31 December 2015 have not been recognized, on the basis of tax estimates consistent with the impairment testing of the Automotive Division CGU. We examined the Group's tax forecasts, deferred tax assets and liabilities timelines and the consistency of overall assumptions used for this depreciation;
- we reviewed the information relating to the partnership between your Group and Santander Consumer Finance referred to in Note 3.3 A) to the consolidated financial statements "Partnership with Santander". We verified reclassifications and restatements of comparative periods, valuation of assets and liabilities held for sale or to be continued in partnership and the presentation of these impacts in accordance with IFRS 5 as described in Note 3.3 to the consolidated financial statements "Assets And Operations Held For Sale Or To Be Continued In Partnership".

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, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

PEUGEOT S.A. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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6.1. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

(in million euros)	2015	2014
Operating income	182.2	143.2
Operating expenses	(196.2)	(221.6)
Net operating income (expense) (Note 20)	**(14.0)**	**(78.4)**
Investment income	1,114.0	581.0
Other financial income	13.8	10.8
Financial provision reversals and expense transfers	2,395.8	155.3
Financial income	**3,523.6**	**747.1**
Charges to financial provisions	(4.9)	(201.0)
Other financial expenses	(250.0)	(327.0)
Financial expenses	**(254.9)**	**(528.0)**
Net financial income (expense)	**3,268.7**	**219.1**
Recurring income before tax	**3,254.7**	**140.7**
On management transactions	-	0.3
On capital transactions	11.1	22.7
Non-recurring provision reversals and expense transfers	40.9	35.2
Non-recurring income	**52.0**	**58.2**
On management transactions	(1.7)	(4.7)
On capital transactions	(150.8)	(49.8)
Non-recurring charges to provisions and expense transfers	-	(4.2)
Non-recurring expenses	**(152.5)**	**(58.7)**
Net non-recurring income (expense) (Note 22)	**(100.5)**	**(0.5)**
Employee profit-sharing	-	**-**
Income tax benefit (Note 23)	160.8	160.0
NET PROFIT FOR THE YEAR	**3,315.0**	**300.2**

6.2. BALANCE SHEETS AT 31 DECEMBER 2015

ASSETS

(in million euros)	31/12/2015 Total	31/12/2015 Depreciation, amortization and impairment	31/12/2015 Net	31/12/2014 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)	16,565.9	(1,612.0)	14,953.9	8,700.8
Advances to subsidiaries and affiliates (Note 6)	3,148.2	-	3,148.2	4,076.5
Other investments (Note 7)	382.0	(129.3)	252.7	223.4
Long-term loans and receivables (Note 8)	63.6	(1.1)	62.5	86.9
	20,159.7	**(1,742.4)**	**18,417.3**	**13,087.6**
Total non-current assets (Note 3)	**20,163.0**	**(1,745.6)**	**18,417.4**	**13,087.7**
Current assets				
Trade receivables	17.2	(1.5)	15.7	18.9
Other receivables and prepayments to suppliers (Note 9)	421.0	-	421.0	364.6
Marketable securities (Note 10)	89.6	(7.6)	82.0	113.2
Cash equivalents (Note 12)	1,661.9	-	1,661.9	4,450.0
Cash	0.2	-	0.2	0.1
Total current assets	**2,189.9**	**(9.1)**	**2,180.8**	**4,946.8**
Prepaid expenses	0.1	-	0.1	1.7
Bond redemption premiums	5.3	-	5.3	9.1
TOTAL ASSETS	**22,358.3**	**(1,754.7)**	**20,603.6**	**18,045.3**

LIABILITIES AND SHAREHOLDERS' EQUITY

(in million euros)	31/12/2015	31/12/2014
Shareholders' equity		
Share capital (Note 14)	808.6	783.1
Additional paid-in capital	3,505.3	3,362.8
Revaluation reserve	454.5	454.5
Other reserves		
Reserves and retained earnings	8,805.1	8,504.9
Net profit for the year	3,315.0	300.2
Untaxed provisions	1.2	1.2
Total equity (Note 15)	**16,889.7**	**13,406.7**
Provisions for contingencies and charges (Note 13)	89.3	118.1
Long- and short-term debt		
Bonds (Note 16)	3,134.5	4,059.4
Other long and short-term debt (Note 16)	17.8	17.8
	3,152.3	**4,077.2**
Trade payables		
Trade payables	24.4	30.0
Accrued taxes and payroll costs	116.9	57.5
	141.3	**87.5**
Due to suppliers of fixed assets (Note 17)	75.4	78.6
Other liabilities	250.3	267.9
Total liabilities	**3,619.3**	**4,511.2**
Deferred income	5.3	9.3
TOTAL LIABILITIES & EQUITY	**20,603.6**	**18,045.3**

6.3. CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(in million euros)	2015	2014
Net profit for the year	**3,315.0**	**300.2**
Net change in provisions	(2,419.4)	15.4
Net gains (losses) on disposals of fixed assets	139.8	(49.4)
Other net financial and net non-recurring income and expenses	(6.2)	-
Funds from operations	**1,029.2**	**266.2**
Change in working capital requirement	(6.4)	(13.1)
Net cash from operating activities	1,022.8	253.1
(Acquisitions)/disposals of intangible assets and property and equipment	-	-
Proceeds from disposals of investments in non-consolidated companies	11.0	267.4
Purchases of shares in subsidiaries and affiliates	(4,075.6)	(113.3)
Net cash used in investing activities	**(4,064.6)**	**154.1**
Dividends paid	-	-
Capital increase	1,68.0	2,934.3
(Purchases)/sales of Peugeot S.A. shares	12.0	84.3
Increase/(decrease) in other long-term debt	(8,45.2)	(1,041.8)
(Increase)/decrease in long-term loans and receivables	884.7	1,041.8
Change in other financial assets and liabilities	34.2	94.2
Net cash from/(used in) financing activities	**253.7**	**3,112.8**
Net decrease in cash and cash equivalents	**(2,788.1)**	**3,520.0**
Cash and cash equivalents at beginning of period	4,450.1	930.1
Cash and cash equivalents at end of period	**1,662.0**	**4,450.1**
Breakdown of cash and cash equivalents at end of period	-	-
Cash equivalents (Note 12)	1,661.9	4,450.0
Cash	0.1	0.1
Bank overdrafts	-	-
TOTAL	**1,662.0**	**4,450.1**

6.4. NOTES TO PEUGEOT S.A. FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS

APPENDIX

The following disclosures constitute the notes to the balance sheet at 31 December 2015, before appropriation of net profit for the year, which shows total assets of €20,603.6 million and to the income statement for the year then ended, which shows net profit of €3,315.0 million.

The financial statements cover the twelve-month period from 1 January to 31 December 2015.

Notes are an integral part of the financial statements. All amounts are in millions of euros unless otherwise specified.

The financial statements for 2015 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 15 February 2016 with the Note 29, taking into account events that occurred in the period up to the Supervisory Board Meeting on 23 February 2016.

These financial statements are included in the consolidated financial statements of PSA.

NOTE 1 ACCOUNTING POLICIES 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 (Regulation ANC 2014-03 of 5 June 2014, validated by a Decree of 8 September 2014).

Items recorded in the accounts are stated in accordance with the historical cost convention.

The main accounting policies applied are as follows:

A. 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. These assets are fully amortised using the straight-line method over an estimated useful life of 10 years.

B. 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.

Investments in subsidiaries are estimated at their value in use, generally based on the economic value of the consolidated shareholders' equity of the business they represent, or, where this is not available, on the share of equity calculated in accordance with IFRS (International Financial Reporting Standards) 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).

C. OTHER INVESTMENTS

Treasury Shares

Peugeot S.A. 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.

D. LOANS AND RECEIVABLES

Loans and receivables are stated at their nominal amount. A provision is booked to cover any probable losses.

E. 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.

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.

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 if there is no tangible probability of default by the issuer or of loss expected at the time of purchase by a third party (firm commitment to buy at an agreed upon date).

F. 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 Tax Code.

G. 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.

H. 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. Further information on these is provided in Note 25.

I. INCOME TAXES

Peugeot S.A. and its over 95%-owned subsidiaries in France elected to file a consolidated tax return, in accordance with Article 223A of the French 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;
- 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.

J. CHANGES IN MEASUREMENT METHOD

There were no changes in measurement method during the year.

NOTE 2 SIGNIFICANT EVENTS

2.1. CORPORATE ACTIONS

A. Capital increase reserved for employees

The capital increase reserved for employees that was initiated in the last quarter of 2014 was finalised on 29 January 2015. It resulted in the issue of 3,499,973 new shares with a par value of €1 subscribed with a matching contribution of 1,199,990 treasury shares.

B. Exercise of Equity warrants (BSA)

As part of the 2014 capital increase, the shareholders at the time were allocated equity warrants at the rate of one warrant per share held. Since 29 April 2015, the shareholders have been able to exercise their equity warrants, with ten warrants permitting the subscription of 3.5 new shares at €6.43 per share. The total number of new shares that can be created is 119,721,128.

At 31 December 2015, 62,881,270 equity warrants were exercised out of a total of 342,060,365 warrants issued, generating 22,008,688 new shares in the amount of €141.5 million.

2.2. SYNDICATED CREDIT FACILITY

On 10 November 2015 Peugeot S.A. signed an amendment to the syndicated credit facility entered into on 8 April 2014, modifying the financial terms and lengthening the maturity of the credit (Note 20). The two-tranche structure is maintained:

- tranche A of €2 billion for five years is extended to 2020 (specifically 10 November 2020); and
- tranche B of €1 billion now matures in three years, up until 2018, with two possible one-year extensions.

2.3. REDEMPTION OF BONDS

As part of its debt management, Peugeot S.A. called several bonds in the amount of €500 million (Note 16).

2.4. SUBSCRIPTION TO THE PCA CAPITAL INCREASE

On 26 November 2015, Peugeot S.A. subscribed to a 4,288,239 shares in the PCA capital increase, in the amount of €4,052.4 million.

2.5. VALUE IN USE OF AUTOMOTIVE SUBSIDIARIES

In light of the change in economic value of the shares of the Automotive Division at 31 December 2015, a €2,186.0 million reversal of the provision for impairment loss was recognised.

NOTE 3 FIXED ASSETS AT 31 DECEMBER 2015

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 2015	12,636.9	4,076.5	376.0	88.0
› Additions	4,075.6	-	49.8	11.4
› Disposals	(146.6)	(928.3)	(43.8)	(35.8)
Cost at 31 December 2015	**16,565.9**	**3,148.2**	**382.0**	**63.6**
Historical cost excluding revaluations*	***16,096.2***	***3,148.2***	***382.0***	***63.6***
Impairment at 1 January 2015	(3,936.1)	-	(152.6)	(1.1)
› Additions	-	-	-	-
› Reversals	2,324.1	-	23.3	-
› Other changes	-	-	-	-
Provisions for impairment at 31 December 2015	**(1,612.0)**	**-**	**(129.3)**	**(1.1)**
NET COST AT 31 DECEMBER 2015	**14,953.9**	**3,148.2**	**252.7**	**62.5**

* *1976 legal revaluation.*

NOTE 4 TANGIBLE AND INTANGIBLE FIXED ASSETS

No additions to or removals of property, plant and equipment or intangible assets were conducted in fiscal 2015.

NOTE 5 SHARES IN SUBSIDIARIES AND AFFILIATES

A. GROSS VALUES

Peugeot S.A. participated in the following share issues by subsidiaries during this accounting period:

- PSA Services S.R.L: in October 2015, PEUGEOT S.A. added €0.6 million to this recapitalisation;
- Peugeot Citroën Automobiles: in November 2015, Peugeot S.A. subscribed to 4,288,239 shares in the PCA capital increase following its restructuring of equity, in the amount of €4,052.4 million;
- DS Automobiles: at the time DS was created, in November 2015, Peugeot S.A. subscribed to all of its equity for €0.5 million.

Following the proposal announced at the Faurecia Shareholders' Meeting of 27 May 2015, Peugeot S.A. opted for a payment in shares of its 2014 dividends, in the amount of €22.2 million, representing the acquisition of 579,497 shares. (Note 5.B)

B. CARRYING VALUES

1) Automotive Division

Peugeot S.A. owns automotive subsidiaries through five central companies, namely PCA, Automobiles Peugeot, Automobiles CITROËN, Conception d'Équipements Peugeot Citroën and DS Automobiles, which are inseparable. The shares taken altogether had a gross value of €13,836.3 million at 31 December 2015.

At year-end 2015, the net carrying amount of these investments, i.e. €10,678.3 million, was compared with the cumulative economic value of Automotive Division activities outside China and activities in China.

Based on this comparison, an impairment reversal of €2,186.0 million was recognised. The increase in the economic value in 2015 resulted largely from the cash flows generated in 2015.

2) Faurecia

At 31 December 2015 the cost value of Peugeot S.A.'s investment in Faurecia was €1,609.4 million.

The investment by Peugeot S.A. (63,960,006 shares and 127,277,956 voting rights) represented at 31 December 2015 46.62% of the capital and 63.21% of the voting rights.

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2015 was €2,367.2 million. This represented the share price paid in transactions between minority shareholders not leading to control.

No impairment was recognised at that date as this value far exceeded their carrying amount.

3) Grande Armée participations

At 31 December 2015, the value of the investment in this subsidiary was assessed on the basis of its adjusted equity. A provision reversal in the amount of €4.6 million was recorded, bringing the impairment of the investment to €338.4 million.

4) Peugeot Motocycles

On 19 January 2015, the Group signed a strategic partnership agreement with Mahindra & Mahindra Group, under the terms of which Peugeot S.A. lost the exclusive control of Peugeot Motorcycles and now holds only 49% of the equity, or 300,415 shares.

C. PLEDGED SECURITIES

At 31 December 2015, none of the Group's securities were pledged.

NOTE 6 LOANS AND ADVANCES TO INVESTED ENTITIES

A. GIE PSA TRÉSORERIE

The main transactions during the year were as follows:

- Reimbursement of €63.9 million of a €302 million loan maturing on 30 March 2016 paying interest at a nominal rate of 6.875%.
- Reimbursement of €108.9 million of loans in a total amount of €571 million maturing on 28 October 2016 paying interest at an initial fixed rate of 5%, which include the loan of €421 million issued on 28 October 2010 and an additional €150 million loan issued on 26 January 2011.
- Reimbursement of €137.2 million of a €516 million loan maturing on 11 July 2017 paying interest at a nominal rate of 5.625%.
- Reimbursement of €189.9 million of a €1,000 million loan maturing on 06 March 2018 paying interest at a nominal rate of 7.375%.
- On 29 June 2015 the June 2010 loan of €500 million matured and was repaid in the amount of €345.2 million.
- At 31 December 2015 the conversion of 1,576,481 OCEANE bonds meant a redemption of €39.5 million of principle on the loan granted to the GIE.

Transactions in 2014:

- Reimbursement of €114.8 million of a €460 million loan maturing on 29 June 2015 paying interest at a nominal rate of 5.625%.
- Reimbursement of €95.6 million of a €397 million loan maturing on 30 March 2016 paying interest at a nominal rate of 6.875%.
- Reimbursement of €79.3 million of loans in a total amount of €650 million maturing on 28 October 2016 paying interest at an initial fixed rate of 5%, which include the loan of €500 million issued on 28 October 2010 and an additional €150 million loan issued on 26 January 2011.
- Reimbursement of €84.4 million of a €600 million loan maturing on 11 July 2017 paying interest at a nominal rate of 5.625%.

B. OTHER LOANS

At 31 December 2015, accrued interest recognised on all loans made by Peugeot S.A. amounted to €124.8 million, versus €168.4 million in 2014.

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" (see Note 10.A.).

(in million euros)	Treasury shares (Note 7.A.)	Other Shares (Note 7.B.)	Balance as of 31/12/2015
Cost at 1 January 2015	190.4	185.6	376.0
› Additions	49.2	-	49.2
› Disposals	(33.4)	(9.8)	(43.2)
Cost at 31 December 2015	**206.2**	**175.8**	**382.0**
Impairment at 1 January 2015	(102.1)	(50.5)	(152.6)
› Additions	-	-	-
› Reversals	14.5	8.8	23.3
Cost at 31 December 2015	**(87.6)**	**(41.7)**	**(129.3)**
COST AT 31 DECEMBER 2015	**118.6**	**134.1**	**252.7**

A. PEUGEOT S.A. SHARES

Changes in treasury shares classified as "Other long-term investments":

(in million euros)	Hedge of a future liquidity contract Number	Hedge of a future liquidity contract Gross	Hedge of convertible bonds from the 2009 issue Number	Hedge of convertible bonds from the 2009 issue Gross
Total at 1 January 2015	**-**	**-**	**8,636,181**	**190.4**
› Capital increase: sales of pre-emptive subscription rights	-	-	-	-
› Shares allocated to the Accelerate matching contribution	-	-	-	-
› Shares reclassified: change of category(1)	-	-	1,382,587	49.2
› Shares covering bond conversions(2)	-	-	(2,475,086)	(33.4)
Total at 31 December 2015	**-**	**-**	**7,543,682**	**206.2**
Impairment at 1 January 2015		**-**		**(102.1)**
› Provisions				-
› Shares reclassified into other categories: net value reclassification	-	-	-	(49.0)
› Reversals(3)	-	-		63.5
PROVISIONS FOR IMPAIRMENT AT 31 DECEMBER 2015		**-**	**-**	**(87.6)**

(1) Recategorisation made by the Managing Board.
(2) At 31 December 2015 when the OCEANE bond matured, it resulted in 2,475,086 conversions.
(3) Reversal of an impairment loss recognised on the basis the average share price during the last month of the period, or €16.158 per share.

B. UNITS IN FCPR INVESTMENT FUNDS

Peugeot S.A. holds units in France's Fonds Avenir Automobiles (FAA), 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. This reflects the value in use of the investments made by the fund. On the assumption that they are not publicly traded, their value is estimated at their cost during the first twelve months following acquisition, adjusted if necessary for any unfavourable subsequent event. After the first twelve months, value in use is estimated using earnings multiples.

At 31 December 2015 the monies already called and paid into the Fund were valued at €63.1 million. The total provision for FAA shares amounted to €41.7 million. An impairment reversal of €8.7 million was thus recognised over the period.

FAA units not yet called at 31 December 2015 amounted to €70.9 million. The liability is carried in the balance sheet under "Due to suppliers of fixed assets" (see Note 1.C).

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

The deposit of €30 million made by Peugeot S.A. on 20 December 2012, pursuant to the programme of securitisation of the Group's trade receivables, was decreased by a repayment at 26 March of €15.0 million, bringing the balance to €15 million.

A repayment of €20.75 million on a deposit with the European Investment Bank (guaranteeing loans issued by that institution to Group subsidiaries) was recorded for the period.

NOTE 9 OTHER RECEIVABLES AND PREPAYMENTS TO SUPPLIERS

(in million euros)	31/12/2015	31/12/2014
Recoverable taxes(1)	221.8	197.6
Shareholder advances(2)	199.2	166.9
Other	-	0.1
TOTAL	**421.0**	**364.6**

(1) Of which receivables from the State as Research Tax Credits in the amount of €113.3 million in 2015, versus €84.1 million in 2014, and Competitiveness and Employment Tax Credit (CICE) in the amount of €86.7 million in 2015 versus €93.1 million in 2014.
(2) Of which receivables related to the December VAT consolidation in the amount of €104.8 million versus €66.0 million in 2014.

NOTE 10 MARKETABLE SECURITIES

(in million euros)	Treasury shares (Note 10.A.)	Other marketable securities (Note 10.B.)	Balance as of 31/12/2015
Cost at 1 January 2015	97.5	70.8	168.3
› Additions	-	-	-
› Disposals	(65.4)	(13.3)	(78.7)
Cost at 31 December 2015	**32.1**	**57.5**	**89.6**
Impairment at 1 January 2015	(55.1)	-	(55.1)
› Additions	-	(0.9)	(0.9)
› Reversals	48.4	-	48.4
Provisions for impairment at 31 December 2015	(6.7)	(0.9)	(7.6)
NET COST AT 31 DECEMBER 2015	**25.4**	**56.6**	**82.0**

A. PEUGEOT S.A. SHARES

Changes treasury shares classified as "Marketable securities":

	Hedge of stock option plans		Other allocations	
(in million euros)	Number	Gross	Number	Gross
Total at 1 January 2015	**2,942,961**	**81.0**	**1,209,197**	**16.5**
› Capital increase: sales of pre-emptive subscription rights[1]	-	-	-	-
› Shares allocated to the Accelerate matching contribution	-	-	(1,199,990)	(16.2)
› Shares reclassified: change of category[2]	(1,373,380)	(48.9)	(9,207)	(0.3)
TOTAL AT 31 DECEMBER 2015	**1,569,581**	**32.1**	**-**	**-**
Impairment at 1 January 2015	**-**	**(51.1)**	**-**	**(3.9)**
› Provisions	-	-	-	-
› Reversals	-	44.4	-	3.9
› Re-categorisation	-	-	-	-
PROVISIONS FOR IMPAIRMENT AT 31 DECEMBER 2015	**-**	**(6.7)**	**-**	**-**

(1) Re-categorisations made by the Managing Board.
(2) Represents the reversal of an impairment loss recognised based on the average share price during the last month of the period i.e. €16.158 per share.

B. OTHER MARKETABLE SECURITIES

At 31 December 2015 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 €57.5 million at 31 December 2015.

NOTE 11 TREASURY SHARES, PERFORMANCE SHARE PLAN AND STOCK OPTION PLANS

A. *Peugeot S.A. shares*

At 31 December 2015

At year-end, Peugeot S.A. held 9,113,263 securities, acquired at a total cost of €238.3 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	7,543,682	206.2	(87.6)	118.6
Shares held for the purpose of setting up a future liquidity contract	-	-	-	-
Sub-total – "Other investments"	**7,543,682**	**206.2**	**(87.6)**	**118.6**
"Other marketable securities" (Note 10)				
Shares held for allocation on exercise of stock options	1,569,581	32.1	(6.7)	25.4
Other allocations	-	-	-	-
Sub-total – "Marketable securities"	**1,569,581**	**32.1**	**(6.7)**	**25.4**
TOTAL AT 31 DECEMBER 2015	**9,113,263**	**238.3**	**(94.3)**	**144.0**

The application of valuation methods specific to each category of shares as described in Notes 1.E as well as transfers due to the re-allocation and cancellation of certain options resulted a net reversal of €14.5 million in other investments and a net reversal of €48.4 million in marketable securities.

Following these reversals recorded during the year, total impairment recognised on Peugeot S.A. shares held by the Company amounted to €94.3 million at 31 December 2015 versus €157.2 million at 31 December 2014.

B. PERFORMANCE SHARE PLAN

Further to the authorisations given at the Extraordinary Shareholders' Meeting of 24 April 2013 and by the Supervisory Board on 17 February 2015, the Peugeot S.A. Managing Board decided on 27 February 2015 to set up a performance share plan. For French tax residents, the grantees' performance shares will vest on 31 March 2017 and be locked up until 31 March 2019. For grantees who are not French tax residents, the vesting period will extend to 31 March 2019 but not be subject to a lock-up period thereafter. These performance shares are subject to a presence condition within the Group after the vesting period.

Vesting is subject to performance criteria relating to the operating free cash flow (FCF) of the manufacturing and commercial companies in 2014-2016, the net financial position of the manufacturing and commercial companies in 2016 and the recurring operating income (ROI) of the Automotive Division in 2016.

The Managing Board reserves the right to adjust or modify certain performance criteria.

In accordance with the decision of the Managing Board on 17 February 2015, performance shares will be awarded by issuing new shares, unless the Managing Board decides otherwise. Accordingly, no compensation expense was recognised for this benefit granted to employees; the charge from the transaction was deemed to be dilution borne by the pre-existing shareholders. Only the employer's contribution was recognised in the financial statements for the period.

C. STOCK OPTION PLANS

No stock option plans were set up during 2015 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
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	39.43	1,155,000
2008 Plan	20/08/2008	22/08/2011	19/08/2016	194	21.58	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)	31/12/2015	31/12/2014
Total at 1 January	**2,942,961**	**3,259,035**
Adjusted number of options granted following the capital increase[1]	-	1,007,080
Options granted	-	-
Options exercised	-	-
Cancelled options	(32,188)	(20,312)
Expired options	(1,341,192)	(1,302,842)
TOTAL AT 31 DECEMBER	**1,569,581**	**2,942,961**
o/w exercisable options	1,569,581	2,942,961

(1) In compliance with Articles R. 228-91 par. 1° a) and R. 225-140 of the French Commercial Code.

NOTE 12 CASH AND 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 2015, advances to GIE PSA Trésorerie totalled €1,661.9 million.

NOTE 13 PROVISIONS RECOGNISED AT 31 DECEMBER 2015

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						
Provisions for tax risks	115.4	-	-	(40.5)	-	74.9
Other provisions for contingencies and charges	2.7	12.9	(1.1)	(0.1)	-	14.4
	118.1	**12.9**	**(1.1)**	**(40.6)**	**-**	**89.3**
Provisions for impairment of investments						
Shares in subsidiaries and affiliates (Note 5.B)	3,936.1	-	-	(2,324.1)	-	1612.0
Advances to subsidiaries and affiliates (Note 6)	-	-	-	-	-	-
Other investments (Note 7)	152.6	-	-	(23.3)	-	129.3
Loans	1.1	-	-	-	-	1.1
	4,089.8	**-**	**-**	**(2347.4)**	**-**	**1,742.4**
Provisions for impairment of current assets						
Marketable securities (Note 10.A)	55.1	0.9	-	(48.4)	-	7.6
Non-performing loans	1.1	0.4	-	-	-	1.5
Bond redemption premiums	**56.2**	**1.3**	**-**	**(48.4)**	**-**	**9.1**
TOTAL	**4,264.1**	**14.2**	**(1.1)**	**(2436.4)**	**-**	**1,840.8**
Movements classified under:						
› operations		13.3	(0.7)	-	-	
› financing		0.9	-	(2395.8)	-	
› non-recurring		-	(0.4)	(15.0)	-	
› income tax (Note 23)		-	-	(25.6)	-	

NOTE 14 SHARE CAPITAL

(number of shares)	31/12/2015	31/12/2014
At 1 January	**783,088,675**	**354,848,992**
Shares issued during the year	25,508,661	428,239,683
AT 31 DECEMBER	**808,597,336**	**783,088,675**

CAPITAL INCREASE

In 2015 the requests for the conversion of bonds were satisfied by the allocation of existing shares.

The 25,508,661 newly created shares break down as follows:

- 3,499,973 shares subscribed by the employees as part of the capital increase reserved for them;
- 22,008,688 shares created upon the exercise of the equity warrants allocated as part of the 2014 capital increase. (Note 2.1B). At 31 December 2015, 62,881,270 equity warrants were exercised out of a total of 342,060,365 warrants issued in the amount of €141.5 million. The number of equity warrants yet to be exercised at 31 December 2015 was 279,179,095, representing 97,712,683 shares at an exercise price of €6.43.

SITUATION AT 31 DECEMBER 2015

Share capital amounted to €808,597,336 at 31 December 2015, divided into 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. Following the capital increases of the first half of 2015, SOGEPA, Dongfeng Motor Group and the Peugeot family group (FFP and Établissements Peugeot Frères) each held a 13.7% equity stake (14.1% at 31 December 2014). Pursuant to Article 11 of the By-laws revised at the Shareholder's Meeting of 25 April 2014, shares registered in the name of the same holder for at least two years carry double voting rights. At 31 December 2015 a total of 103,264,870 shares carried double voting rights. Under the agreements reached at the time of the 2014 capital increases, the companies in the Peugeot family group agreed to neutralize the impact of their double voting rights in the Shareholders' Meeting by setting them equal to the number of shares held by DFG and SOGEPA as a result of these capital increases, or 110,622,220 shares.

The share price on 31 December 2015 was €16.21.

NOTE 15 CHANGES IN EQUITY

(in million euros)	31/12/2014	Capital increase	Appropriation voted at AGM 29/04/2015	Other movements for the year	31/12/2015
Share capital	**783.1**	25.5	-	-	**808.6**
Additional paid-in capital	3,362.8	142.5	-	-	**3,505.3**
Revaluation reserve*	-	-	-	-	-
Investments in non-consolidated companies	454.6	-	-	-	454.6
	454.6	**-**	**-**	**-**	**454.6**
Reserves and retained earnings					
Legal reserve	35.5	-	42.8	-	78.3
Long-term capital gains reserve	1,068.5	-	-	-	1,068.5
Other reserves	4,751.4	-	-	-	4,751.4
Retained earnings	2,649.5	-	257.4	-	2,906.9
	8,504.9	**-**	**300.2**	**-**	**8,805.1**
Net profit for the year	**300.2**	-	(300.2)	3,315.0	**3,315.0**
Untaxed provisions	**1.1**	**-**	**-**	**-**	**1.1**
TOTAL	**13,406.7**	**168.0**	**-**	**3,315.0**	**16,889.7**

* *1976 legal revaluation.*

NOTE 16 LONG-AND SHORT-TERM DEBT

(in million euros)	31/12/2015	31/12/2014
Other bond debt	3,134.5	4,059.4
Other long- and short-term debt	17.8	17.8
TOTAL	**3,152.3**	**4,077.2**

Peugeot S.A. issues bonds under an EMTN programme, arranges confirmed lines of credit for its financial security and, when called for, undertakes a capital increase and issues convertible bonds.

Peugeot S.A. and GIE PSA Trésorerie have, from April 2014 forward, a confirmed line of credit in the amount of €3 billion with a maturity extended to 10 November 2015. It comprises a €2 billion five-year tranche A extended to 2020 and a €1.0 billion three-year tranche B extended to 2018, retaining the two optional one-year extensions. It was undrawn at 31 December 2015.

This facility is subject to the respect of:

- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than one. The definition of net debt is given in Note 12.3 to the consolidated financial statements;
- a level of net debt of manufacturing and sales companies of less than of €6 billion.

The net debt of manufacturing and sales companies is defined and disclosed in Note 12.3. The Group's equity is that listed under "Total Equity" in liabilities.

At 31 December 2015, these covenants were complied with.

PEUGEOT S.A. BOND ISSUES

The main transactions during the year were as follows:

On 19 June 2015 Peugeot S.A. effected a partial buyback of bonds for €500 million;

On 29 June 2015 Peugeot S.A. redeemed the maturing June 2010 bond of €500 million and repaid €345.2 million.

At the same date accrued interest recognised on these bonds amounted to €124.8 million versus €168.4 million in 2014.

BREAKDOWN OF BONDS BY MATURITY

(in million euros)	2016	2017	2018	2019	2020	2021	Total at 31/12/2015
Other bonds	700.0	378.0	810.0	600.0	-	-	2,488.0
OCEANE	535.0	-	-	-	-	-	535.0
TOTAL	**1,235.0**	**378.0**	**810.0**	**600.0**	**-**	**-**	**3,023.00**

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 or €25.10 per bond. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.

At 31 December 2015, 1,577,974 bonds had been converted, 1,576,481 was converted during 2015 2015 in the amount of €39.5 million. The conversion ratio is 1 OCEANE bond for 1.57 shares.

NOTE 17 MATURITIES OF RECEIVABLES AND PAYABLES AT 31 DECEMBER 2015

Receivables *(in million euros)*	Total	Due within one year	Due beyond one year
Advances to subsidiaries and affiliates	3,148.2	1,263.3	1,884.9
Loans*	63.6	11.3	52.3
Non-current assets	**3,211.8**	**1,274.6**	**1,937.2**
Trade receivables	17.2	17.1	0.1
Other receivables and prepayments to suppliers			
› Income tax prepayments	-	-	-
› Subsidiaries	199.2	199.2	-
› Other	221.8	221.8	-
› Total	421.0	421.0	-
Marketable securities	89.6	11.8	77.8
Cash equivalents	1,662.1	1,662.1	-
Current assets	**2,189.9**	**2,112.0**	**77.9**
Prepaid expenses	0.1	0.1	-
TOTAL	**5,401.8**	**3,386.7**	**2,015.1**

* *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	**3,152.3**	**1,267.4**	**1,884.9**
Trade payables	**141.3**	**141.3**	**-**
Due to suppliers of fixed assets	**75.4**	-	**75.4**
Shareholder advances	250.0	250.0	-
Other	0.3	0.3	-
Other liabilities	**250.3**	**250.3**	**-**
TOTAL LIABILITIES	**3,619.3**	**1,659.0**	**1,960.3**
Deferred income	**5.3**	**-**	**5.3**

At 31 December 2015, the Company had no liabilities due beyond five years.

Of the €75.4 million of debt for fixed assets, €70.9 million at 31 December 2015 are imputed to FAA payments that had not been called at 31 December 2014.

NOTE 18 ACCRUED INCOME AND EXPENSES

Accrued income and expenses included in other balance sheet items are as follows:

(in million euros)	31/12/2015	31/12/2014
Accrued income		
Advances to subsidiaries and affiliates	124.8	168.4
Trade receivables	13.0	18.5
Other receivables and prepayments to suppliers	-	-
Marketable securities	14.9	0.9
Cash equivalents	-	-
TOTAL	**152.7**	**187.8**

(in million euros)	31/12/2015	31/12/2014
Accrued expenses		
Long- and short-term debt	124.8	168.4
Trade payables	24.2	28.9
Accrued taxes and payroll costs	23.7	14.1
Other liabilities	-	-
Cash equivalents	4.1	0.7
TOTAL	**176.8**	**212.1**

NOTE 19 ITEMS REFERRING TO RELATED PARTIES AND ASSOCIATED COMPANIES

(in million euros)	Related party transactions*
Balance sheet items	
Assets	
Shares in subsidiaries and affiliates (Note 5)	16,565.9
Advances to subsidiaries and affiliates (Note 6)	3,148.2
Trade receivables	17.2
Other receivables and prepayments to suppliers	199.2
Cash equivalents (Note 12)	1,661.9
Liabilities & Equity	
Long- and short-term debt	-
Trade payables	0.3
Due to suppliers of fixed assets	1.7
Other liabilities	250.0
Income statement items	
Financial expenses	4.1
Impairment on equity investments: expenses (Note 5)	2,324.0
Investment income	905.9
Impairment of investments and in loans and advances to subsidiaries and affiliates: reversals (Notes 5 & 6)	4.6
Other financial income	214.4

* *Companies consolidated in the consolidated financial statements of PSA, including those accounted for by the equity method, members of the managing bodies and shareholders holding over 10% of Peugeot S.A. capital.*

Other than these transactions, there were no significant transactions with other related parties.

NOTE 20 BREAKDOWN OF OPERATING INCOME AND EXPENSE FOR THE PERIOD ENDING 31 DECEMBER 2015

(in million euros)	31/12/2015	31/12/2014
Revenue (Note 21)	179.8	139.0
Other income	-	-
Expense transfers	1.7	3.8
Reversals of provisions for contingencies and charges	0.7	0.4
Operating income	**182.2**	**143.2**
Other purchases and external charges*	(101.3)	(155.6)
Taxes other than on income	(7.9)	(6.9)
Wages and salaries	(47.2)	(40.3)
Payroll taxes	(25.3)	(16.2)
Other expenses	(1.3)	(1.5)
Additions to provisions for contingencies and charges	(13.2)	(1.1)
Operating expenses	**(196.2)**	**(221.6)**
NET OPERATING INCOME	**(14.0)**	**(78.4)**

* *This heading primarily includes the following items:*
– the lease on the building at 75 avenue de la Grande-Armée in Paris, after selling it in 2011. The yearly rent is €15.6 million;
– the commissions and brokerage fees on borrowings were €65.2 million, including €55.4 million for transactions on borrowings and €9.5 million as a result of renegotiating the syndicated credit facility.

NOTE 21 REVENUE

Revenue breaks down as follows:

A. BY BUSINESS SEGMENT

(in million euros)	31/12/2015	31/12/2014
Service revenues*	170.1	129.4
Rental income	9.7	9.6
TOTAL	**179.8**	**139.0**

* *Services consist primarily of participation in study costs, Group management and operational expenses billed by the parent company to its subsidiaries in the amount of €110.2 million, and borrowing costs rebilled to GIE PSA Trésorerie in the amount of €55.4 million.*

B. BY GEOGRAPHICAL SEGMENT

Substantially all of the Company's revenue is generated in France.

NOTE 22 BREAKDOWN OF NON-RECURRING INCOME AND EXPENSE FOR THE PERIOD ENDING 31 DECEMBER 2015

(in million euros)	31/12/2015	31/12/2014
Net gains on property disposals	-	-
Net gains on treasury share disposals (Note 14)	-	-
Net gains on disposals of shares in subsidiaries and affiliates	11.0	22.4
Reversals of provisions for claims and litigation and tax audits	15.0	30.8
Reversal of revaluation reserve (Note 15)	-	0.3
Other	26.0	4.7
Non-recurring income	**52.0**	**58.2**
Fines relating to claims and litigation and tax audits	(1.7)	(4.5)
Carrying amount of divested assets	(4.2)	-
Carrying amount of divested shares in subsidiaries and affiliates	(146.6)	(17.7)
Carrying amount of divested treasury shares	-	-
Net income from sale of pre-emptive subscription rights	-	(32.0)
Other	-	(4.5)
Non-recurring expenses	**(152.5)**	**(58.7)**
NET NON-RECURRING INCOME (EXPENSE)	**(100.5)**	**(0.5)**

NOTE 23 INCOME TAXES

In view of the Group's tax regime (see Note 1.J), tax income and expense recognised in profit and loss are as follows:

(in million euros)	31/12/2015	31/12/2014
Tax payable to Peugeot S.A. by profitable members of the tax group*	(73.8)	(32.0)
Return by profitable members of the tax group of tax savings previously transferred by Peugeot S.A. grantees	28.5	17.3
Group relief	206.1	180.7
Adjustments for tax expense	-	(7.4)
Change in provision for tax savings to be transferred to loss-making subsidiaries	-	-
Change in provision for tax risks	-	1.4
NET INCOME TAX BENEFIT	**160.8**	**160.0**

* *In 2015, the tax due to Peugeot S.A. from consolidated subsidiaries was a negative amount of €73.8 million, in accordance with the rules governing tax consolidation and the allocation of fax credits.*

In 2015, the overall income of the Group as consolidated entity for tax purposes was a loss of €347.1 million at the standard tax rate, and a profit of €153.2 million at the reduced rate. As a result of the loss, the surtax did not apply. In 2015 the tax group had unused tax loss carryforwards totalling €12,308.9 million.

NOTE 24 FINANCIAL COMMITMENTS

(in million euros)	31/12/2015	31/12/2014
Commitments received		
Syndicated line of credit(1)	3,000.0	3,000.0
Bank guarantee	10.1	4.0
Income tax reallocations(2)	28.5	17.3
TOTAL	**3,038.6**	**3,021.3**
Commitments given		
Guarantees for loans obtained by:		
› Peugeot S.A. subsidiaries(3)	1,152.2	1,443.7
› Other companies	-	-
Other commitments given on behalf of:		
› Peugeot S.A. subsidiaries(4)	435.1	650.5
TOTAL	**1,587.3**	**2,094.2**
Commitments received from and given to related parties are as follows:		
› Commitments received	38.6	21.3
› Commitments given	1,587.3	2,094.2

Commitments received include:

(1) On 10 November 2015, PEUGEOT S.A. signed an amendment to the new €3 billion syndicated credit facility (initiated in 2014) that extended its maturity. It comprises a €2 billion five-year (10 November 2020) tranche A and a €1 billion three-year (2018) tranche B and retains the two optional one-year extensions.

(2) 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:

(3) For €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.

For €241.6 million in guarantees given in 2012 by Peugeot S.A. as part of the debt incurred by PCMA Russie.

(4) €75.6 million, the equivalent of outstanding loans by Banque PSA Finance to Group subsidiaries at 31 December 2015, that Peugeot S.A. is committed to repaying in the event of default by the subsidiaries concerned.

€116.5 million, representing the letters of intent signed by Peugeot S.A. to guarantee the rental payments due under the leases signed by France and UK Retail.

€112.9 million, representing tax guarantees to the Italian authorities.

NOTE 25 PENSION OBLIGATIONS

For greater detail, please refer to Note 7.1 to the consolidated financial statements.

At 31 December 2015, the projected benefit obligation amounted to €54.4 million.

Benefit compensation for services rendered is funded in the amount of €39.5 million paid into external funds.

Members of the Group's managing bodies with a supplementary defined benefit pension plan providing added pension, accounting for at most 30% of the reference compensation. Upon proposal by the Chairman of the Managing Board, the PSA Supervisory Board approved the principle of terminating this scheme. A new scheme based on a defined contribution model has been in place since 1 January 2016. This means that the Company will no longer offer guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance.

NOTE 26 UNRECOGNISED DEFERRED TAXES

Deferred taxes arising from differences between the recognition of income and expenses for financial reporting and tax purposes represented a net deferred tax asset of €232.6 million at 31 December 2015, comprising €139.6 million for losses carried forward and €93.0 million as a temporary difference. There are no deferred tax liabilities.

NOTE 27 MANAGEMENT COMPENSATION

The Group is managed by the Managing Board.

The Group's managing bodies correspond to the Executive Committee, which includes the members of the Managing Board and other members of executive management.

Compensations are detailed in Note 7.3 to the consolidated financial statements.

The following table presents details of performance shares awarded to senior management in 2015 and Peugeot S.A. stock options granted to senior management in the past and still outstanding:

(number of options)	31/12/2015	31/12/2014
Performance shares held at 31 December	865,000	-
Stock options held at 31 December	168,601	309,615

Members of the Group's management bodies benefit from a supplementary pension plan, based on a defined contribution model, that as of 1 January 2016 will replace the previous supplementary defined benefit pension plan (cf. Note 7.1.A to the consolidated financial statements).

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 28 AVERAGE WORKFORCE

(number of employees)	31/12/2015	31/12/2014
Managers	270	304
Other	58	55
TOTAL	**328**	**359**

NOTE 29 SUBSEQUENT EVENTS

The 23 June 2009 OCEANEs (French acronym for bonds convertible or exchangeable for new or existing shares) of €575 million face value matured on 1 January 2016. They were redeemed on 4 January 2016 for €535 million, representing the remaining balance net of €40 million in bonds previously converted.

NOTE 30 SUBSIDIARIES AND EQUITY INVESTMENTS AT 31 DECEMBER 2015

(in thousands of euros or of national currencies)

Company or group		Share Capital	Shareholders' equity other than capital	Share of equity held (as a percentage)	Book value of shares held – Gross	Book value of shares held – Net	Amount of deposits and endorsements given by the Company	Profit (loss) for the last reporting period	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
I – Detailed information regarding securities with a gross value exceeds 1% of share capital:												
A – Subsidiaries (at least 50% owned)												
Peugeot Citroën Automobiles route de Gisy, 78 VELIZY		300,177	467,281	100.00	12,559,342		-	419,924	52,104,939	459,024	-	
Automobiles Citroën 12, rue Fructidor, Paris 17e		159,000	49,998	100.00	625,654		-	8,336	6,828,075	31,635	156,000	
Automobiles Peugeot 75 avenue de la Grande-Armée, Paris 16e		172,712	153,457	100.00	480,545		-	8,336	11,403,270	271,383	-	
Conception d'Équipements Peugeot Citroën 9, ave du Maréchal Juin, 92 Meudon la Forêt		22,954	18,174	84.54	170,304		-	-	149,229	1,967	4,532	
DS Automobiles 75 avenue de la Grande-Armée, Paris 16e		500		100.00	500		-	-	-	-	-	
TOTAL OF AUTOMOTIVE DIVISION SUBSIDIARIES					**13,836,345**	**12,864,046**						
Grande Armée Participations 75 avenue de la Grande-Armée, Paris 16e		60,435	10,079	100.00	408,923	70,513	-	-	0	4,021	-	
Banque PSA Finance 75 avenue de la Grande-Armée, Paris 16e		177,408	1,545,468	74.93	380,084	380,084	-		714,595	526,930	687,902	
PSA International S.A. 62 quai Gustave Ador, 1207 Genève (Suisse)	CHF	5,979	220,254	-	-	-	-	-	24,379	19,949		1 EUR = 1,0833 CHF
	EUR	5,519	203,318	99.93	6,844	6,844	-	-	22,504	18,415	29,545	
Société Anonyme de Réassurance 6 B Route de Trêves L2633 Senningerberg – Luxembourg Luxembourgeoise		10,500	132,374	100.00	11,267	11,267	-	-	30,363	-	-	
B – Affiliates (10 to 50% owned)												
PSA Assurances SAS		49,290	7,924	10.00	2,574	2,574			634	108	-	
Faurecia 2, rue Hennape, 92 Nanterre		960,349	2,058,363	46.62	1,609,405	1,609,405	-	-	339,567	224,065	22,183	
GEFCO 77 à 81, rue des Lilas d'Espagne, Courbevoie (Hauts de Seine)		8,000	250,561	24.96	8,094	8,094	-	-	34,205	44,181	5,715	
Peugeot Motocycles rue du 17 Novembre – 25 Mandeure		9,809	(1,374)	49.00	301,597	-	-	-	94,041	(24,038)	-	
II – Aggregate information about investments representing less than 1% of the Company's share capital:												
A – Subsidiaries not listed in I:												
a) French subsidiaries (total)		-	-	-	15	15	-	600,000	-	-	-	
b) Foreign subsidiaries (total)		-	-	-	587	587	-	-			40	
B – Affiliates not listed in I:									-	-		
a) French companies (total)		-	-	-	-	-	-	-	-	-	-	
b) Foreign companies (total)		-	-	-	212	212	-	-	-	-	-	

6.5. FINANCIAL PERFORMANCE OF THE COMPANY OVER THE PAST FIVE YEARS

(in euros)	2015	2014	2013	2012	2011
I - YEAR-END FINANCIAL POSITION					
a - Share capital[1]	808,597,336	783,088,675	354,848,992	354,848,992	234,049,344
b - Shares outstanding	808,597,336	783,088,675	354,848,992	354,848,992	234,049,344
II – RESULTS OF OPERATIONS					
a - Net revenues	730,869,845	796,836,770	1,555,591,599	816,142,657	618,615,747
b - Income before tax, employee profit-sharing, depreciation, amortisation and provisions	109,199,914	293,062,589	1,884,037,150	663,823,877	199,298,390
c - Employee profit-sharing (charge for the year)	-	-	-	-	-
d - Income tax[2]	159,993,931	98,941,511	1,284,142,729	45,029,722	180,892,567
e - Income after tax, employee profit-sharing, depreciation, amortisation and provisions	300,166,206	453,603,708	61,213,741	444,119,935	647,883,601
f - Dividends[4]					
III – PER SHARE DATA					
a - Income after tax and employee profit-sharing, before depreciation, amortisation and provisions	0.33	0.50	8.93	2.00	1.62
b - Income after tax, employee profit-sharing, depreciation, amortisation and provisions	0.37	0.58	0.17	1.25	2.77
c - Dividend per share:					
› Dividend paid	-	-	-	-	-
› Income taxes already paid to Treasury (tax credit)	-	-	-	-	-
Total revenue	-	-	-	-	-
IV - EMPLOYEES					
a - Average number of employees	328	359	324	341	344
b - Total payroll	41,760,374	38,646,265	32,337,988	33,613,058	40,951,996
c - Total benefit (social security, retirement pensions, etc.)	25,349,667	16,192,375	14,424,534	11,183,125	17,307,884

(1) 2015: Changes in equity are the result of the 2015 capital increase, the equity warrants and OCEANE bonds converted to shares between 2009 and 2015.
(2) Since 1 January 1990, in compliance with Article 223-A et seq. of the French General 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.

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6.6. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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.

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 2015, 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 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 1B and 1C 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 statements. 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 notes to the financial statements and correct application thereof, as well as of the reasonableness of the underlying estimates.

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 or the holders of the voting rights has been properly disclosed in the Management Report.

Courbevoie and Paris-La Défense, 24 February 2016

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

6.7. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

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 your Company, 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, conditions and benefits for the Company 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 (*Code de commerce*) 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 authorized during the year

In accordance with Article L. 225-88 of the French Commercial Code (*Code de commerce*), we were informed of the following agreement authorized by the Supervisory Board of Peugeot S.A.

Related party agreements taken in favor of the Managing Board members (deletion of the pension plan with fixed contributions and commitment of a new pension plan)

The Supervisory Board of Peugeot S.A. approved on 15 December 2015 the conclusion of the following agreements:

- the termination of the current pension plan with fixed contributions practical to the Managing Board members on 31 December 2015 and the deletion of associated advantages;
- the commitment of a new pension plan applicable to the Managing Board members from 1 January 2016, which grants:
  - yearly contribution to the pension plan, equal to 25% of the sum of fixed and variable yearly salary. This yearly contribution is composed of 50% of subscription to an independent organization within the frame of an optional pension plan with fixed contributions (Article 82) and 50% of cash considering pre-taxes;
  - contribution of an amount calculated from rights cumulated on the previous pension plan until the end of 2015, reduced by a coefficient based on the age, the time spent in the plan and the time spent in the Group. The contribution is composed of 50% of subscription to an independent organization and 50% of cash. Contribution will be spread over 3 years, hence yearly for the Managing Board members: €470,000 for Mr. Tavares, €332,000 for Mr. de Chatillon, €486,667 for Mr. Olivier and €510,000 for Mr. Quémard (amounts subject to taxes, net amounts are around 50% of the previous). Contributions are contingent on the presence within the Group at the end of each year.

The decisions of the Supervisory Board of Peugeot S.A. have taken into consideration the advantages and disadvantages linked to the transition from the pension plan with fixed contributions to the new pension plan. In particular the fact that it is less costly for the Group.

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years and continued over the current year

In accordance with Article R. 225-57 of the French Commercial Code (*Code de commerce*), we were informed that the following agreements and commitments approved by your Shareholders' Meeting in previous years remained in force during the past year.

Agreement between entities with common directors or shareholder with more than 10% of your Company

2.1. Agreements concluded in the context of the acquisition of minority interest into the capital of Peugeot S.A. by Dongfeng Motor Group Company Ltd. ("Dongfeng") and the French State

The Supervisory Board of Peugeot S.A. approved on 18 February 2014 (Memorandum of Understanding) and on 18 March 2014 (Master Agreement as well as other agreements mentioned below) the following agreements:

- a "Memorandum of Understanding" dated 18 February 2014, with Dongfeng, the French State, companies EPF and FFP designed to, firstly, formalize the principles applicable to capital transactions regarding the minority participations operations by Dongfeng and the French State, as well as governance rules to set up after these capital transactions and, secondly, frame discussions and work to be done for the implementation of these capital transactions, this implementation being subject to the subsequent signing of a final legal documentation;
- a "Master Agreement" dated 26 March 2014, with Dongfeng, the French State, EPF and FFP in accordance with the Memorandum of Understanding, and substituing the latter, designed to detail the terms and conditions of capital transactions and governance rules of these capital transactions.

In application of the "Master Agreement" arrangements, the following agreements which remained in force during the past year were signed by Peugeot S.A. on 28 April 2014:

- a "Shareholders Agreement", signed with Dongfeng, the French State, EPF and FFP, designed to frame the rules and principles applicable between the parties after the entry of Dongfeng and the French State into the capital of Peugeot S.A. in terms of governance and acquisition or sale of shares. The rules and principles contained in the "Shareholders Agreement" are the ones set out in section 22 of the Registration Document filed with the AMF on 2 April 2014;
- a "Letter Agreement" signed with EPF and FFP on the commitment of EPF and FFP to neutralize, for 2 years from the capital increase with preferential right subscription, the impact of their double voting rights for the number of shares held after the capital increase with preferential subscription rights. Under this "Letter Agreement", Peugeot S.A. agrees to ensure the practical application of the commitment taken by EPF and FFP, on any Shareholders' Meeting to be held within the period of 2 years;

Shareholders with more than 10% concerned: Établissements Peugeot Frères and FFP

Directors concerned at the time of approval of the convention: Mrs Marie-Hélène Peugeot Roncoroni and Messrs Thierry Peugeot, Jean-Philippe Peugeot and Robert Peugeot.

Directors concerned at the date of this report: Mrs Marie-Hélène Peugeot Roncoroni and Mr Robert Peugeot.

2.2. Guarantee granted to issues of debt securities of the company Banque PSA Finance ("BPF") from the French State

The Supervisory Board of Peugeot S.A. has authorized on 16 December 2014 the conclusion of the support protocol granted by the French State, consisting in guarantee on some issues of debt securities by BPF in 23 December 2014.

This protocol replaces the protocol signed between the same parties on 28 October 2013 to take into consideration the entry of the French State into the capital of Peugeot S.A. in May 2014 and the conclusion in 2014 of a framework agreement between BPF and Santander Consumer Finance on a partnership in Europe concerning automobile financing, which allows refinancing BPF without resort to the French State guarantee and, therefore, an early waiver of any future issuance of bonds guaranteed by the State.

This protocol provides:

- a control of the guarantee granted by the State, consisting of a monitoring committee composed of representatives of the Group and the French State and including for Peugeot S.A. and BPF periodic information on the financial position of BPF to the French State;
- the need for Peugeot S.A. to obtain prior approval from the French State, if BPF does not reach solvency and liquidity ratios, to distribute dividends, reserves, premiums or any other assets, to buy back shares or to reduce capital, and to grant to members of the Peugeot S.A. Managing Board variable remunerations, bonuses or severance pay, stock options or stock purchase, free stocks or other securities giving access to the capital.

Thanks to the joint ventures between Banque PSA Finance and Santander Consumer Finance which started their activities during 2015 in France and in the United Kingdom, Banque PSA Finance has announced that the French State guarantee will no longer be used for debt securities issuance.

As of 31 December 2015, Banque PSA Finance's debts guaranteed by French State amount to €257 million.

Director concerned at the time of approval of the convention: Mr Bezard.

Director concerned at the date of this report: Mr Bezard.

2.3. Surety and guarantee granted to the European Investment Bank ("EIB") in connection with loans granted to Peugeot Citroën Automobiles S.A. ("PCA")

- On 30 July 2013 and 22 October 2013, the Supervisory Board authorized a surety agreement and an agreement to pledge securities with the EIB in connection with the €300 million loan granted by the EIB to PCA ("Euro 6.2 R&D" project). This loan was partially reimbursed for €60 million in 2014 and €60 million in 2015.

  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.

  In 2015, the fee invoiced by Peugeot S.A. in respect of this agreement amounts to €356,500.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Chasseloup de Chatillon.

Common director at the date of this report: Mr Tavares.

- On 27 July 2010, the Supervisory Board of Peugeot S.A. authorized a surety agreement with the EIB in connection with its €200 million loan granted to PCA for a maximum term of seven years ("Hybrid car" project). This loan was partially reimbursed for €40 million in 2013, €40 million in 2014 and €40 million in 2015.

  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.

  In 2015, the fee invoiced by Peugeot S.A. in respect of this agreement amounts to €152,500.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Saint-Geours.

Common director at the date of this report: Mr Tavares.

- On 26 July 2011, the Supervisory Board of Peugeot S.A. authorized a surety agreement to pledge securities with the EIB in connection with the €125 million loan granted by the EIB to PCA ("Small cars convergence area" project). This loan was partially reimbursed for €25 million in 2013, €25 million in 2014 and €49 million in 2015.

  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.

  In 2015, the fee invoiced by Peugeot S.A. in respect of this agreement amounts to €74,763.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Saint-Geours.

Common director at the date of this report: Mr Tavares.

- On 12 February 2013, the Supervisory Board authorized a surety agreement with the EIB in connection with the "Euro 6.2 R&D" project for €300 million, the "Hybrid car" project for €200 million and the "Small cars convergence area" project for €125 million loans granted to PCA.
- Under this agreement, your Company has set up a collateral account in favor of the EIB, up to an initial amount equal to €132 million (€34.25 million at 31 December 2015), to guarantee the reimbursement by PCA of the loans to the bank.

  No fee was invoiced by Peugeot S.A. in respect of this agreement in 2015.

Common directors at the signing date of the agreement: Messrs Varin, Faury and Chasseloup de Chatillon.

Common director at the date of this report: Mr Tavares.

2.4. Cash collateral to secure the payment obligations of Automobile Peugeot ("AP"), Automobile Citroën ("AC") and Peugeot Citroën Automobiles ("PCA")

On 18 December 2012, 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 programme 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 programme documentation.

For that purpose, the "Cash Collateral Agreement" was signed on 20 December 2012 between Peugeot S.A., Crédit Agricole Corporate and Investment Bank and Ester Finance Titrisation.

Originally, the "Cash Collateral Agreement" amounted to €30 million. It amounts to €15 million as of 31 December 2015.

In 2015, the guarantee commission charged by Peugeot S.A. to each of the three entities (AP, AC and PCA) amounts to €9,282.

Common directors at the signing date of the agreement: Messrs Varin, Faury, Chasseloup de Chatillon and Saint-Geours.

Common directors at the signing date of this report: Messrs Tavares and Chasseloup de Chatillon.

2.5. Share of Group general and administrative expenses

In 2015, a total amount of €100,010,171 was received by Peugeot S.A. in respect of subsidiaries' share of Group general and administrative expenses.

Common directors at the date of this report:

- *for PCA: Mr Tavares ;*
- *for AP and AC: Mr Chasseloup de Chatillon;*
- *for Banque PSA Finance "BPF": Messrs Tavares and Chasseloup de Chatillon.*

Courbevoie and Paris-La Défense, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

7

7.1. INFORMATION ABOUT THE COMPANY

7.1.1. Name of the Company

The name of the Company is Peugeot S.A.

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

7.1.2. Registered office – Governing law – Legal form

REGISTERED OFFICE AND ADMINISTRATIVE HEADQUARTERS

75, avenue de la Grande-Armée – 75116 Paris – France.

The telephone number of the corporate office is + 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.

7.1.3. 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.

7.1.4. 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.

7.1.5. By-laws

The full text of the Company's bylaws is available at www.psa-peugeot-citroen.com, under Governance.

7.1.5.1. CORPORATE PURPOSE

(Summary of Article 3 of the By-laws)

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 grant 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.

7.1.5.2. EQUITY THRESHOLDS THAT MUST BE DISCLOSED TO THE COMPANY PER THE BYLAWS

(Excerpt from Article 7 of the By-laws)

Apart from the duty to notify the Company of share ownership, any individual or legal entity who should possess directly or indirectly a number of shares representing a fraction equal to or greater than 2% of the share capital or voting rights of the Company must so inform the Company in writing, within four trading days of crossing this threshold, stating the total number of shares and of voting rights in his, her or its possession at the date of that declaration. Above the aforementioned threshold of 2% the same duty to declare referred to in the preceding paragraph shall apply, with the same time frame and in the same manner, each time another 1% threshold in share capital or voting rights is crossed, and this shall include declaration thresholds provided in law and regulations. For purposes of applying these provisions, the shares or voting rights possessed shall be the shares and voting rights listed in Article L. 233-9-I of the French Commercial Code.

Should a shareholder fail to perform this duty to inform provided in the by-laws, that shareholder will be deprived of voting rights for those shares that exceed the fraction that ought to have been declared, if at the time of a Shareholders' Meeting, the failure to declare having been noted, one or more shareholders holding among them at least 5% of the share capital so request and place that request in the minutes of that meeting. The loss of voting rights will continue for any Shareholders' Meeting held until a period of two years has expired from the time a proper declaration has been made.

There are no other clauses in the By-laws limiting voting rights.

7.1.5.3. IDENTITY OF SHAREHOLDERS

(Article 7 of the By-laws)

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.

7.1.5.4. RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO EXISTING SHARES

(Article 8 of the By-laws)

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.

7.1.5.5. GOVERNANCE

(Articles 9 and 10 of the By-laws)

For any details concerning the management and supervisory bodies, please refer to Chapter 3 above.

7.1.5.6. SHAREHOLDERS MEETINGS

(Summary of Article 11 of the By-laws)

The special guidelines about the participation of shareholders in the Shareholders' Meeting are given in Article 11 of the By-laws, concerning Shareholders' Meetings.

Meetings are held at the registered office or at any other venue indicated in the notice of meeting.

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

Remote voting may be used in accordance with the terms and conditions set down in the applicable laws and regulations.

Shareholders may send their proxy and postal voting forms either in paper form or, by electronic communication, including via the Internet.

The formalities for attending the Shareholders Meeting to be held on 27 April 2016 are set out in the Notice of meeting published at least 35 days before the date of the meeting in the *Bulletin d'Annonces Légales Obligatoires* and on the Group's website.

Every Shareholder may attend the Shareholder's Meetings upon evidence that his/her shares are held in a registered account or in bearer form by an authorised intermediary at midnight (Paris time) of the second business day preceding the meeting.

Note that Internet voting has been arranged for the 2016 Shareholders' Meeting.

7.1.5.7. FINANCIAL YEAR

(Summary of Article 12 of the By-laws)

Each financial year shall cover a 12-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.

7.2. INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

7.2.1. Share capital and voting rights

The issued capital amounted to €808,597,336 at 31 December 2015. It was divided into 808,597,336 shares with a par value of €1, all fully paid-up and of the same class. The shares are held in registered or bearer form, at the shareholder's choosing.

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.

7.2.2. History of the share capital

(in euros)	2015	2014	31 December 2013
Share capital at beginning of period	783,088,675	354,848,992	354,848,992
Capital increase reserved for DFG and the French State		428,239,683	-
Capital increase reserved for employees	3,499,973	-	-
Shares converted from equity warrants	22,008,688	-	-
CAPITAL AT END OF PERIOD	**808,597,336**	**783,088,675**	**354,848,992**

BSA: Equity Warrants.

Following the decision of the Managing Board on 8 February 2016, share capital increased to €808,623,429 through the exercise of equity warrants.

7.2.3. Shares not representing capital

Not applicable.

7.2.4. Conditions imposed by the By-laws governing changes in the share capital

None.

7.2.5. Employee stock options & performance share plans

No stock options were granted since 2009.

For a description of these stock option plans, the number of options outstanding and the average weighted value of the options and underlying shares, please refer to Note 7.2 to the 2015 consolidated financial statements in section 5.6 above.

A total of 1,569,581 options were outstanding at 31 December 2015.

A performance share grant was set up on 27 February 2015, in view of the authorisations given at the Extraordinary Shareholders' Meeting of 24 April 2013 and by the Supervisory Board on 17 February 2015. The detailed arrangements are given in Note 7.2 to the 2015 consolidated financial statements and in Section 3.4 above, on page 132.

7.2.6. Potential share capital

Potential share capital consists of convertible bonds or bonds exchangeable for shares (OCEANE) and of equity warrants (BSA):

BONDS CONVERTIBLE INTO OR EXCHANGEABLE FOR SHARES (OCEANE):

Shares could be issued from time to time when holders of Peugeot S.A. OCEANE bonds issued in 2009 presented their bonds for conversion (see Notes 12.6.B and 15.1.C to the 2015 consolidated financial statements). The new conversion rate as of 26 May 2014 rose from 1.35 shares to 1.57 shares per OCEANE bond (announcement of 23 May 2014).

The OCEANE bonds were redeemed in cash at maturity on 4 January 2016 in the amount of €535 million. The remaining balance of €40 million led to a cumulative issue of 2,476,686 shares, of which 2,476,140 were accounted in the reporting period, delivered by using treasury shares held by the Group. The final redemption of the OCEANE bonds had no dilutive impact on the Group's shareholders.

EQUITY WARRANTS (BSA):

In April 2014, a bonus issue of 342,060,365 equity warrants was carried out for existing Peugeot S.A. shareholders, on the basis of one warrant for each share held, and exercisable after the second year. On the basis of the new 3.5 exercise ratio pursuant to the rights issues that occurred during the first half of 2014, the maximum amount of the capital increase liable to arise from this issue is €770 million for 119,721,128 new shares. Between 30 June 2015 and 31 December 2015 the equity warrant holders exercised 9.65 million equity warrants, leading to the creation of 3.38 million shares.

For more information, refer to Note 15.1.B to the 2015 consolidated financial statements.

7.2.7. Authorisations in effect

The following financial authorisations have been granted by shareholders to the Managing Board.

In accordance with the By-laws, any corporate actions or bond issues must be submitted to the Supervisory Board for prior approval.

SUMMARY STATEMENT OF FINANCIAL AUTHORISATIONS CURRENTLY IN EFFECT AT 31 DECEMBER 2015 AND USE MADE OF THEM IN FINANCIAL YEAR 2015

	Authorisation	Validity	Granted	Expires	Used in 2015
1 – Ordinary Shareholders' Meeting					
Trading in own shares *(9th Resolution of the 2015 AGM)*	› Acquisition of up to 67,070,516 shares (and up to 10% of the share capital) › Maximum purchase price: €20	18 months	29 April 2015	29 October 2016	None
2 – Extraordinary Shareholder's Meeting					
Capital reductions by cancellation of shares bought back by the Company, not to exceed 10% of the share capital *(10th Resolution of the 2015 AGM)*	› Up to 10% of the Company's share capital in any 24-month period	24 months	29 April 2015	29 April 2017	None
Performance share grants of existing or unissued shares in the Company *(11th Resolution of the 2015 AGM)*	› Up to 10% of the Company's share capital in any 24 months	26 months	29 April 2015	29 June 2017	None
Issues of shares and/or marketable securities carrying rights to shares with preferential subscription rights directly or indirectly convertible into shares by incorporating reserves, profits or premiums inter alia *(12th Resolution of the 2015 AGM)*	› Aggregate nominal total amount of capital increase not to exceed €196,647,162 › Aggregate nominal total amount of any debt securities issued not to exceed €2.100 million	26 months	29 April 2015	29 June 2017	None
Issues without preferential subscription rights of shares and/or securities directly or indirectly convertible into shares, by a public offering or private placement *(13th and 14th Resolutions of the 2015 AGM)*	› Aggregate nominal total amount of capital increase not to exceed €78,658,865 › Aggregate nominal total amount of any debt securities issued not to exceed €2.100 million	26 months	29 April 2015	29 June 2017	None
Increase in the number of securities offered with or without PSR for issues that are oversubscribed *(15th Resolution of the 2015 AGM)*	› Authorisation to increase the number of securities offered under any issues decided pursuant to the Resolutions 12, 13 and 14 approved at the Shareholders' Meeting of 29 April 2015, provided that the ceilings specified in the resolutions and 15% of the initial issue are not exceeded	26 months	29 April 2015	29 June 2017	None
Issues of shares or securities carrying rights to shares without preferential subscription rights in connection with a stock-for-stock offer initiated by the Company *(16th Resolution of the 2015 AGM)*	› Aggregate nominal total amount of capital increase not to exceed €78,658,865 › Aggregate nominal total amount of any debt securities issued not to exceed €2.100 million	26 months	29 April 2015	29 June 2017	None
Issues of shares and/or securities carrying rights to shares of the Company without PSR, in payment for another company's securities, other than in connection with a stock-for-stock offer initiated by the Company *(17th Resolution of the 2015 AGM)*	› Up to 10% of the share capital	26 months	29 April 2015	29 June 2017	None
Blanket ceiling on capital increases carried out pursuant to the twelfth to the seventeenth and the nineteenth Resolutions *(18th Resolution of the 2015 AGM)*	› Aggregate nominal total amount of capital increase not to exceed €283,171,914				
Share capital increases reserved for employees, without preferential subscription rights *(19th Resolution of the 2015 AGM)*	› Aggregate nominal total amount of capital increase not to exceed €7,865,887	26 months	29 April 2015	29 June 2017	None
Issues of equity warrants while a takeover bid in relation to the Company's shares is in progress *(20th Resolution of the 2015 AGM)*	› Capital increase resulting from the exercise of warrants not to exceed €393,294,324	18 months	29 April 2015	29 October 2016	None

AGM: Annual General Meeting.
PSR: preferential subscription right.

7.2.8. Description of buyback program

Pursuant to Article 241-2 of the AMF General Regulations, this paragraph constitutes the description of the buyback programme that will be submitted to the Shareholders Meeting of 27 April 2016.

NUMBER OF TREASURY SHARES AND ALLOCATIONS AS AT 31 DECEMBER 2015

At 31 December 2015 Peugeot S.A. held 9,113,263 treasury shares, representing 1.13% of share capital.

At 31 December 2015, these shares were allocated for the following purposes:

- 7,543,682 for allocation on conversion of OCEANE bonds dated 23 June 2009;
- 1,569,581 to cover outstanding stock option plans.

For more details, please refer to Note 15.1.C to the 2015 consolidated financial statements, Section 5.6 above.

PURPOSE OF THE SHARE BUYBACK PROGRAMME

The authorisation could be used:

- to buy back shares for cancellation in order to reduce the Company's capital;
- for allocation on exercise of stock options;
- for performance share plans;
- for employee savings plans;
- to allot shares in connection with equity transactions;
- to maintain a liquid market in the Company's shares through market-making transactions carried out by an independent investment services provider;
- under a merger, split-off or capital contribution transaction.

In compliance with the law, the Company may never directly or indirectly own more than 10% of issued capital.

The authorisation covers a maximum number of 71,749,079 shares with a maximum purchase price of €30 per share and is given for an 18-month period, or until 27 October 2017. No shares were bought back in 2015.

The draft of the 13th Resolution that will be proposed to the Annual Shareholders Meeting of 27 April 2016 appears in Section 8 of this Registration Document, page 303.

In accordance with the provisions of Article L. 225-209 of the French Commercial Code and Articles 241-1 to 242-7 of the AMF General Regulations, information about all share transactions there might be must be made available under the AMF regulated information heading of the www.psa-peugeot-citroen.com website.

7.3. OWNERSHIP STRUCTURE

7.3.1. Capital and voting rights structure at 31 December 2015

	31 December 2015				31 December 2014				31 December 2013			
Main identified shareholders(1)	**Number of shares**	**% capital**	**% exercisable voting rights**	**% theoretical voting rights**	**Number of shares**	**% capital**	**% exercisable voting rights**	**% theoretical voting rights**	**Number of shares**	**% capital**	**% exercisable voting rights**	**% theoretical voting rights**
Peugeot family (EPF/FFP)(2)	110,622,220	13.68	22.19(3)	21.97(3)	110,622,220	14.13	22.96(3)	22.62(3)	89,685,461	25.27	37.89	36.77
Dongfeng Motor (Hong Kong) International Co., Limited (DMHK)	110,622,220	13.68	12.25	12.13	110,622,220	14.13	12.68	12.49	-	-	-	-
French State (SOGEPA)	110,622,220	13.68	12.25	12.13	110,622,220	14.13	12.68	12.49	-	-	-	-
Other individual shareholders(4)	60,624,740	7.50	7.24	7.16	67,529,442	8.62	8.00	7.88	48,453,904	13.65	11.71	11.36
Employees	19,167,349	2.37	3.08	3.05	15,494,610	1.98	2.91	2.87	12,664,902	3.57	4.50	4.37
Other French institutions	84,501,518	10.45	9.36	9.27	95,019,246	12.13	10.89	10.73	46,048,734	12.98	11.04	10.71
Other foreign institutions	303,323,805	37.51	33.63	33.29	260,390,378	33.25	29.89	29.46	145,207,364	40.93	34.86	33.82
Treasury shares	9,113,263	1.13	-	1.00	12,788,339	1.63	-	1.44	12,788,627	3.60	-	2.97
TOTAL	**808,597,336**	**100**	**100**	**100**	**783,088,675**	**100**	**100**	**100**	**354,848,992**	**100**	**100**	**100**

(1) Source: Euroclear TPI 31 December 2015 and Nasdaq.
(2) EPF (Établissements Peugeot Frères) is a family holding company with maximum stake held by individual members of the Peugeot family. FFP is controlled by EPF.
(3) This table does not reflect the agreement by the declarants to neutralise the impact of their double voting rights until 23 May 2016 by making these equal to the number of shares held immediately following the capital increase of May 2014, which is to say 110,622,220 voting rights.
(4) Individual and other accounts (by difference).

The shareholders DMHK, SOGEPA and FFP/EPF each hold a 13.68% stake in the share capital of Peugeot S.A.

To the best of the Company'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.

In many host countries, PSA offers a variety of savings schemes. Employee share ownership was 2.37% at 31 December 2015, representing over 52,000 current and former employees of the Group.

The Group (excluding Faurecia) set up the "Accelerate" scheme, the first capital increase reserved for employees, which was put into effect on 29 January 2015. For further information please refer to Section 2.4.3.5.

Since 2013, the Supervisory Board includes a representative of employee shareholders (for more information please refer to Section 3.2, page 119).

STATUTORY DISCLOSURE THRESHOLDS IN 2015

No statutory threshold disclosures were made in the 2015 financial year.

DISCLOSURE THRESHOLDS PER THE BY-LAWS IN 2015

Shareholders	Date of crossing	Direction	Threshold crossed	No of shares after crossing	% of capital after crossing	% of voting rights after crossing
Alken Luxembourg S.A.	14 January 2015	Upward	2% of voting rights	17,748,239		2.005%
"PSA Employee Stock Ownership" Mutual fund	13 February 2015	Upward	2% of capital	15,588,648	2.016%	
"PSA Employee Stock Ownership" Mutual fund	17 March 2015	Downward	2% of capital	15,727,625	1.9995%	
"PSA Employee Stock Ownership" Mutual fund	30 April 2015	Upward	2% of capital	15,938,025	2.026%	
Amundi AM	19 May 2015	Upward	2% of capital	16,188,265	2.05%	
"PSA Employee Stock Ownership" Mutual fund	16 June 2015	Downward	2% of capital	15,727,325	1.96%	
Amundi AM	20 July 2015	Upward	2% of voting rights	17,836,554		2.0%
Alken Luxembourg S.A.	03 August 2015	Upward	3% of voting rights	27,387,823		3.02%
AQR Capital Management, LLC	25 September 2015	Upward	2% of capital	16,203,524	2.01%	

7.3.2. Different voting rights

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

In the event of a capital increase through the capitalisation 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.

Double voting rights may be cancelled by vote of the Extraordinary Shareholders' Meeting and after ratification by the special Meeting of Beneficiary Shareholders (according to the articles of incorporation).

7.3.3. Shareholders' agreement

The shareholders agreement signed between DFG, DMHK, the French State, SOGEPA, EPF/FFP and the Company, in force since 29 April 2014, contains the following main provisions:

- DMHK (and DFG), SOGEPA (and the French State) and EPF/FFP would individually undertake not to acquire, directly or indirectly, alone or in concert with any third party (i.e. any person other than the above-mentioned parties and affiliates thereof), Company securities above the number of securities they would respectively hold at the end of the May 2014 capital increase, including securities from the exercise of BSA by EPF/FFP (with the understanding that the number of Company securities held by EPF/FFP for this commitment to a maximum limit does not include the equity warrants allocated to them by PSA). This ceiling may be adjusted in the case of subscriptions as of right to issues of shares with preferential subscription rights or priority rights, or distribution or allocation of bonus shares or equity securities. This individual ceiling obligation may be waived subject to obtaining the consent of each shareholder party to the shareholders' agreement, which individually represents at least 5% of the capital of the Company and of the Company's Supervisory Board. In this respect, the implementation of this clause results from an individual commitment by each of the three shareholders;
- the equity warrants held by EPF/FFP at the end of the free allocation are subject to a lock-up undertaking for 100% during the first year and for 50% on or after the first anniversary of the date of issue until the second anniversary of the date of issue;
- DMHK, SOGEPA and EPF/FFP are free to transfer all or part of their shares. Prior to any transfer of shares on the market by these parties, the shareholder(s) concerned are required to inform the management of the Company and discuss it with them in order to limit the impact of such a transfer on the share price. Other than this requirement, DMHK, SOGEPA and EPF/FFP are not subject to further constraints on to the transfer of their shares. There is no pre-emptive clause nor tag-along rights;
- the shareholders' agreement was concluded for a period of ten years;
- DMHK (and DFG), SOGEPA and EPF/FFP shall not act in concert with respect to the Company. This agreement, signed by each of the shareholders to protect its investment and own interests as a shareholder of the Company, does not aim to establish a common policy with regard to the Company within the meaning of Article L. 233-10 of the French Commercial Code. The Group's strategy will be determined by the Managing Board under the supervision of the Supervisory Board. The signing of the Framework Agreement between the Company and DFG strengthens the long-standing partnership between the two groups and in no case represents a shift in the strategy of PSA.

To the best of the Company's knowledge, there does not exist at this point any other agreement which if implemented might entail a change in control of the Company or have the effect of delaying, deferring or preventing a change in control.

Furthermore, it should be borne in mind that the companies of the Peugeot family Group, mainly consisting of EPF and FFP together act in concert with respect to the Company, have made joint lock-up agreements as part of the "Dutreil" measures. In addition to the lock-up agreements signed in 2010, on 11 June 2012 and 19 December 2012 they signed lock-up agreements with regard to the Peugeot S.A. shares held by them and other, related family shareholders. These lock-up agreements hold for two years and were entered into pursuant to Article 787 B and 885 I (ii) of the French General Tax Code. On 23 April 2014, the Company was notified of the participation of members of the Managing Board (Jean-Baptiste Chasseloup de Chatillon and Grégoire Olivier) in the collective lock-up agreements. For developments as to the absence of conflicts of interest, please refer to Section 3.1, page 106. These lock-up agreements do not confer any priority selling rights on the parties. Detailed information about the lock-up agreements is given on the following page of the Group's website (www.psa-peugeot-citroen, under the heading "Analysts and Investors – Regulated Information", financial year 2012).

7.3.4. Measures taken by the Company to ensure that control is not abused

No shareholder holds, directly or indirectly, alone or in concert, control of the Company. Measures have been instituted to ensure that the shareholders that have proposed the appointment of members on the Managing Board do not abuse their powers when decisions are taken: the presence of independent members on the Board and its committees, the presence of one senior independent ("reference") member and procedures for handling conflicts of interest (see developments in Section 3.2 of this Registration Document).

7.4. CORPORATE FINANCIAL INSTRUMENT MARKETS

LISTING OF THE PEUGEOT S.A. SHARE

The Peugeot S.A. share is listed on the Euronext Paris stock exchange, compartment A, where it is eligible for the deferred settlement system.

PEUGEOT S.A. SHARE DATA SHEET

ISIN	**FR0000121501**
Markets	Eurolist continuous trading – Euronext Paris, Compartment A – Ticker UGFP (Bloomberg) Other markets: › Europe: SEAQ International – London.
Listed in the major indexes	CAC 40, 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
Number of shares outstanding at 31 December 2015	808,597,336
Price at 31 December 2015	€16,205
Market capitalisation at 31 December 2015	€13.10 billion

DETAILED STOCK MARKET INFORMATION

(Source: Euronext)

PRICE

	2015			2014			
(in euros)	**High**	**Low**	**31/12/2015**	**High**	**Low**	**2014**	**% change on 2015/2014 closing price**
Share	19.705	9.637	16.205	11.750	6.904	10.220	58.6%
CAC 40 index	5,283.71	4,076.16	4,637.06	4,598.65	3,789.11	4,272.75	8.5%

TRANSACTIONS

	2015		2014	
	Total	**Daily average**	**Total**	**Daily average**
Number of shares	1,420,031,510	5,546,998	1,153,289,630	4,522,704
Value *(in million of euros)*	22,388.13	87.46	12,290.16	48.19

MARKET FOR THE PEUGEOT S.A. SHARE ON THE PARIS STOCK EXCHANGE (DEFERRED SETTLEMENT SERVICE)

	Share price *(in euros)*			Trading volumes		
	Low	High	Closing	In number of shares per month	Value per month *(in million of euros)*	Average per day *(in millions of euros)*
2014						
January	7.825	9.760	9.425	96,469,475	1,039.92	47.22
February	9.012	11.282	10.629	81,284,654	1,003.73	50.19
March	10.219	11.567	11.327	61,025,801	799.65	38.08
April	9.032	10.877	10.550	75,702,803	1,002.29	50.11
May	9.075	10.750	10.380	177,522,067	1,729.58	82.36
June	9.868	11.390	10.795	89,915,856	943.86	44.95
July	10.435	11.750	11.210	102,884,193	1,142.40	49.67
August	9.577	11.160	10.690	76,202,331	799.04	38.05
September	9.876	11.260	10.155	79,483,811	837.23	38.06
October	8.210	10.515	9.458	154,348,414	1,445.10	62.83
November	8.729	10.325	10.300	86,005,577	810.31	40.52
December	9.350	10.990	10.220	72,444,648	737.05	35.10
2015						
January	9.637	13.200	12.855	108,530,594	1,238.16	58.96
February	12.495	15.015	14.965	106,546,011	1,473.32	73.66
March	14.505	16.940	15.590	153,257,154	2,392.09	108.73
April	15.375	17.645	16.900	104,280,539	1,720.76	86.03
May	16.160	19.705	19.000	99,371,567	1,771.13	88.55
June	16.955	19.450	18.445	125,699,870	2,283.35	103.78
July	16.960	19.455	18.245	142,462,916	2,602.84	113.16
August	13.870	18.995	15.400	121,752,543	2,014.78	95.94
September	11.680	16.235	13.455	170,946,445	2,428.83	110.40
October	12.925	16.480	16.025	126,530,079	1,872.69	85.12
November	15.425	16.910	16.910	78,140,634	1,257.61	59.88
December	15.285	17.130	16.205	82,513,158	1,332.62	60.57
2016						
January	13.045	15.980	13.660	101,254,244	1,438.19	71.91
February	11.710	14.670	13.880	121,218,172	1,580.97	75.28

Source: Euronext Paris – February 2016.

COUPONS ELIGIBLE FOR PAYMENT

DIVIDENDS

		Number of shares	Par value	Coupon number	Payment date	Barred date	Net dividend distributed	Income taxes already paid to Treasury (tax credit)	Total income per share
Shares	2010	234,049,225	€1	49	7 June 2011	7 June 2016	€1.10	*	*
	2011	234,049,344	€1	-	n/a	n/a	-	n/a	n/a
	2012	354,848,992	€1	-	n/a	n/a	-	n/a	n/a
	2013	354,848,992	€1	-	n/a	n/a	-	n/a	n/a
	2014	783,088,675	€1	-	n/a	n/a	-	n/a	n/a
	2015	808,597,336	€1	-	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.*

DIVIDEND POLICY

The PSA 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.

As 2015 is the final year of the rebuilding of the Group's financial fundamentals, the Supervisory Board approved the Managing Board's proposal not to pay a dividend for the 2015 financial year. The non-payment of dividend will be proposed to the Shareholders' Meeting of 27 April 2016. A dividend policy in line with sector practices will be proposed as from the 2016 financial year.

OTHER RIGHTS

	Number of shares	Par value	Coupon number	Ex-dividend date	Type of transaction
Shares	18,479,370	FRF 70	26	15 July 1987	Right to allocation of bonus shares (one share for five existing shares)

SHAREHOLDERS' MEETING OF 27 APRIL 2016

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8.1. REPORT OF THE MANAGING BOARD ON THE RESOLUTIONS PRESENTED AT THE COMBINED SHAREHOLDERS' MEETING (ORDINARY AND EXTRAORDINARY) ON 27 APRIL 2016

Ladies and Gentlemen, Fellow Shareholders,

We invite you to attend this Combined (Ordinary and Extraordinary) Shareholders' Meeting in order to vote on the proposed resolutions, whose purposes are presented below.

We remind you that the proxy information to be provided in the Annual Financial Report and the Managing Board's Report is included in the 2015 Registration Document, to be filed with the AMF and made available to shareholders in accordance with legal and regulatory requirements, notably on the Group's website (www.psa-peugeot-citroen.com). To find specific information, please refer to the cross-reference tables included in the 2015 Registration Document.

8.1.1. Ordinary resolutions

I. APPROVAL OF THE 2015 FINANCIAL STATEMENTS AND 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 PSA ("**the Group**") (**second resolution**) for the year ended 31 December 2015, as presented.

The parent company financial statements for 2015 show a net profit of €3,315,010,316.90 compared with a net profit of €300,166,206.28 for the previous year, representing an increase of €3,014 million. This increase was primarily driven by reversals of provisions for impairment on equity investments and treasury shares in an amount of €2,396 million (of which €2,186 million corresponds to shares in Automotive Division subsidiaries).

The consolidated financial statements show an attributable net profit for the year of €899 million, versus a net loss of €706 million for 2014, representing an increase of €1,605 million. Earnings per share came to €1.14 compared with a loss per share of €1.15 in 2014.

Detailed information about the 2015 financial statements and the Group's business performance during the year is provided in the 2015 Registration Document, to be filed with the AMF.

The **third resolution** concerns the appropriation of the Company's net profit for the year of €3,315,010,316.90.

In view of the rebuilding of the Group's financial fundamentals this year, no dividend payment will be proposed for the 2015 financial year. In order to meet the requirement to increase the legal reserve to the level provided for in Article L. 232-10 of the French Commercial Code (*Code de commerce*), the Managing Board recommends that €2,550,866.10 be appropriated to the legal reserve and that the remaining profit be appropriated to "Retained earnings", bringing the balance of the retained earnings account to €6,219,312,987.86.

Shareholders are reminded that no dividend was paid for 2014, 2013 or 2012.

II. APPROVAL OF RELATED PARTY COMMITMENTS – APPROVAL OF THE ELIMINATION OF THE DEFINED BENEFIT PENSION PLAN FOR MEMBERS OF THE MANAGING BOARD AND THE IMPLEMENTATION OF A NEW PENSION PLAN

(Fourth resolution)

The **fourth resolution** concerns the approval of related party commitments governed by Articles L. 225-86 *et seq.* of the French Commercial Code that were authorised by the Supervisory Board and entered into by the Company in 2015.

These related party commitments include the elimination of the defined benefit supplementary pension plan offered to the Group's Executive Directors (i.e., the members of the Managing Board) and the members of the Executive Committee, effective as from 31 December 2015, and the implementation of a new pension system as from 1 January 2016.

This means that the Company will no longer offer guaranteed levels of retirement income, but will pay out an annual benefit that is directly tied to the Group's results and performance. The new system provides for the payment of an annual top-up contribution, of which half in the form of contributions to an external fund as part of an optional defined contribution pension plan (Article 82 of the French General Tax Code – *Code général des impôts*), and the other half in cash (based on a system of upfront taxation).

The contribution will be equivalent to 25% of the amount represented by the executive's salary and bonus for the year. The purpose of including the bonus in the calculation base is to ensure that the contribution is tied to Group performance. The combined value of the annual top-up contributions and the vested benefits described below may not exceed an amount equal to eight times the ceiling for Social Security contributions multiplied by 23 (multiplier determined by the actuaries as corresponding to the average number of years over which benefits are expected to be paid).

Vested benefits under the defined benefit plan that is being terminated[1] will automatically be forfeited. To compensate for the loss of benefits accumulated up until end-2015, the Supervisory Board will be making a payment corresponding to the value attributed to the benefits less a deduction for age, seniority in the Group and length of participation in the plan. Half will be in the form of contributions to an external fund and the other half will be in cash.

(1) The potential benefits accumulated under the terminated defined benefit supplementary pension plan would have represented 7% of the reference compensation of Carlos Tavares and 30% of the reference compensation of Jean-Baptiste Chasseloup de Chatillon, Grégoire Olivier and Jean-Christophe Quémard, given that they had reached the benefit cap (reference compensation = the sum of the beneficiary's average salary for the last three years and average bonus for the last eight years projected to retirement).

The payment will be spread over a period of three years, and for the members of the Managing Board will represent the following amounts annually: €470,000 for Carlos Tavares, €332,000 for Jean-Baptiste Chasseloup de Chatillon, €486,667 for Grégoire Olivier and €510,000 Jean-Christophe Quémard (these amounts are subject to payroll taxes and income tax, and the net payment will be around 50% of the amounts shown). These payments will be conditional on the individuals concerned continuing to be employed by the Group at the end of each of the years concerned.

This new scheme will result in a €34 million saving – less the transition costs – in PSA's 2015 consolidated financial statements. It will also be much less costly for the Group in the longer term. The expense corresponding to the four members of the Managing Board under the new system (including the transition costs) represents 40% of the expense incurred under the old system. For example, the expense corresponding to the Chairman of the Managing Board will be reduced by more than two-thirds. In addition, the Board has decided to redistribute the savings generated by the new executive pension plan to all employees, to top up existing compensation and profit-sharing schemes.

Consulted prior to the implementation of the plan, the AFEP-MEDEF high committee on corporate governance ruled that this plan complied with the recommendations set out in the AFEP-MEDEF Corporate Governance Code for listed companies. In addition, the Peugeot S.A. Works Council issued a unanimously favourable opinion on this new system.

In light of these favourable opinions, the whole scheme has been approved by the Supervisory Board in line with the related party agreements and commitments procedure. These commitments to the members of the Managing Board are presented in the Statutory Auditors' Special Report on related party agreements and commitments included in this Notice of Meeting.

III. ELECTION [AND RE-ELECTION] OF SUPERVISORY BOARD MEMBERS

(Fifth, sixth, seventh, eighth and ninth resolutions)

Ratification of the appointment of Catherine Bradley and re-election as a member of the Supervisory Board

(Fifth and sixth resolutions)

At its meeting of 23 February 2016, the Supervisory Board appointed Catherine Bradley to the Supervisory Board to replace Dominique Reiniche, who has resigned, for the remainder of her term of office, which expires at the close of this meeting.

In the **fifth resolution**, shareholders are being asked to ratify this appointment, in accordance with Article L. 225-78 of the French Commercial Code.

Catherine Bradley has also been appointed as a member of the Supervisory Board's Finance and Audit Committee. Based on the advice of the Appointments, Compensation and Governance Committee, the Supervisory Board considers that Catherine Bradley is independent within the meaning of the AFEP-MEDEF Code.

In light of the fact that Catherine Bradley's term of office is due to expire at the close of this Shareholders' Meeting and on the recommendation of the Supervisory Board, in the **sixth resolution,** shareholders are being asked to re-elect Catherine Bradley as a member of the Supervisory Board for a period of four years expiring at the close of the Shareholders' Meeting to be called in 2020 to approve the financial statements for the year ending 31 December 2019.

Ratification of the appointment of Zhu Yanfeng and Dongfeng Motor (Hong Kong) International Co., Limited

(Seventh and eighth resolutions)

At its meeting of 4 June 2015, the Supervisory Board appointed Zhu Yanfeng to the Supervisory Board to replace Xu Ping, who has resigned, for the remainder of his term of office, i.e., until the Shareholders' Meeting to be called in 2018 to approve the financial statements for the year ending 31 December 2017.

Zhu Yanfeng was appointed on the recommendation of Dongfeng, in accordance with the provisions of the shareholders' agreement signed on 28 April 2014 by the Company and the three main shareholders. For this reason, Zhu Yanfeng cannot be considered to be independent within the meaning of the AFEP-MEDEF Code.

Subsequently, for reasons related to Chinese regulations, the Dongfeng Group requested that Dongfeng Motor (Hong Kong) International Co., Limited be directly appointed as a member of the Supervisory Board to replace Zhu Yangfeng, following his resignation, and to appoint Zhu Yangfeng as Dongfeng Motor (Hong Kong) International Co., Limited's permanent representative on the Supervisory Board.

At its meeting of 15 December 2015, the Supervisory Board therefore appointed Dongfeng Motor (Hong Kong) International Co., Limited to the Supervisory Board to replace Zhu Yanfeng, who has resigned, for the remainder of his term of office, i.e., until the Shareholders' Meeting to be called in 2018 to approve the financial statements for the year ending 31 December 2017.

In accordance with the shareholders' agreement, Zhu Yangfeng was appointed as Vice-Chairman of the Supervisory Board. He was also appointed as a member of the Strategy Committee and of the Supervisory Board's Appointments, Compensation and Governance Committee.

In the **seventh resolution** and the **eighth resolution,** shareholders are being asked to ratify these appointments, in accordance with Article L. 225-78 of the French Commercial Code.

Election of a new member to the Supervisory Board (Helle Kristoffersen to replace Patricia Barbizet, who has resigned)

(Ninth resolution)

In the **ninth resolution**, shareholders are being asked to elect Helle Kristoffersen as a member of the Supervisory Board for a period of four years expiring at the close of the Shareholders' Meeting to be called in 2020 to approve the financial statements for the year ending 31 December 2019, to replace Patricia Barbizet, who gave notice of her resignation, effective as of the close of this meeting.

The Appointments, Compensation and Governance Committee reviewed this nomination and particularly appreciated the fact that the Supervisory Board could benefit from Helle Kristoffersen's financial expertise. Based on the advice of the Appointments, Compensation and Governance Committee, the Supervisory Board considers that Helle Kristoffersen is independent within the meaning of the AFEP-MEDEF 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 this Notice of Meeting.

IV. MAXIMUM AGGREGATE AMOUNT OF ATTENDANCE FEES

(Tenth resolution)

On the recommendation of the Supervisory Board, in the **tenth resolution,** shareholders are being asked to approve the increase in the maximum aggregate amount of attendance fees from €1 million to €1.1 million for 2016 and subsequent years, until otherwise decided.

This change to the maximum aggregate amount is to take account of the election of two new Advisors pursuant to the shareholders' agreement signed on 28 April 2014 by the Company and the three main shareholders. It is also designed to promote the election of international candidates to the Supervisory Board. When allocating attendance fees, the Supervisory Board could decide to draw a distinction between members of the Board who live within or outside of Europe, in order to take into account the significantly longer travel time required to physically attend meetings.

V. ADVISORY VOTE ON THE COMPENSATION DUE OR ALLOCATED TO EACH MEMBER OF THE COMPANY'S MANAGING BOARD FOR 2015

(Eleventh and twelfth resolutions)

The November 2015 revised version of the AFEP-MEDEF Code – to which the Company refers for corporate governance issues pursuant to Article L. 225-68 of the French Commercial Code – recommends that shareholders issue a "say on pay" advisory vote on the following components of the compensation due or allocated to executive directors (paragraph 24.3 of the Code):

- the salary;
- the annual bonus, and if applicable, the long-term incentive bonus, and the performance targets on which such bonuses are based;
- any exceptional compensation;
- stock options, performance shares and any other form of deferred compensation;
- any signing bonus or termination benefit;
- supplementary pension benefits;
- any other benefits.

Two separate resolutions are being put forward for shareholders to issue a positive advisory vote on the components of the compensation due or allocated to the Executive Directors for 2015, in accordance with the above recommendation of the AFEP-MEDEF Code:

- one resolution (the **eleventh resolution**) concerning the components of the compensation due or allocated to Carlos Tavares, Chairman of the Managing Board, for 2015;
- one resolution (the **twelfth resolution**) concerning the components of the compensation due or allocated to the other members of the Managing Board, Jean-Baptiste Chasseloup de Chatillon, Grégoire Olivier and Jean-Christophe Quémard, for 2015.

Details of the compensation due or allocated for 2015 on which shareholders are asked to issue an advisory vote are set out below (refer also to section 3.4 of the 2015 Registration Document, which provides comprehensive information about each Managing Board member's compensation).

COMPONENTS OF THE 2015 COMPENSATION DUE OR ALLOCATED TO **CARLOS TAVARES,** CHAIRMAN OF THE MANAGING BOARD

Type of compensation	Amounts or accounting value submitted to the advisory vote	Presentation
Fixed compensation	€1,300,000	Gross salary set by the Supervisory Board on 25 November 2013, and confirmed at the meeting of 17 February 2015, based on the recommendation of the Appointments, Compensation and Governance Committee.
Variable compensation	€1,930,500	Gross bonus set by the Supervisory Board on 23 February 2016 based on the recommendation of the Appointments, Compensation and Governance Committee. The Board reviewed the degree to which the targets that had been set at its meeting on 16 December 2014 had been achieved and noted that Carlos Tavares had: › reached the double trigger threshold for the payment of his bonus (Automotive Division recurring operating income and positive 2015 *operating free cash* flow for the manufacturing and sales companies); › fully achieved the financial objectives set for all members of the Managing Board (*2014 and 2015* operating free cash flow for the Group, corresponding to 40% of the maximum bonus, and 2015 PSA recurring operating income, corresponding to another 40%); › completed his individual objectives with an achievement level of 95% (workplace safety and vehicle quality, corresponding to 20% of his maximum bonus). As a result, the Supervisory Board considered that Carlos Tavares had completed his 2015 objectives with an achievement level of 99% and therefore granted him a bonus of €1,930,500, i.e., 148.50% of his salary, versus a target of 150%. For more details, see section 3.4 of the 2015 Registration Document (page 132).
Deferred compensation	Not applicable	No deferred compensation plan.
Long-term incentive bonus	Not applicable	No long-term incentive bonus plan.
Exceptional compensation	Not applicable	No exceptional compensation for 2015.
Stock options, performance shares and other forms of long-term compensation	Stock options = N/A	No stock option plan.
	Performance shares = 130,000 valued at €2,011,100 (fair value estimated based on IFRS standards applied for the preparation of the consolidated financial statements)	The Supervisory Board decided on 17 February 2015 to grant performance shares to members of the Managing Board in accordance with the authorisations of the Shareholders' Meeting on 24 April 2013. The performance share awards are part of an overall plan encompassing several hundreds of senior managers and executives, for a total of 2,465,000 shares (representing 0.31% of the share capital at the grant date). The shares have a two-year vesting period. Once the shares have vested, they must be kept by the members of the Managing Board for two years from the vesting date. The shares will vest subject to performance conditions relating to free cumulative operational cash flow *of* the manufacturing and sales companies over the period 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and recurring operating income for the Automotive Division in 2016. The system is additive (a third for FCF + a third for the net financial position + a third for automotive recurring operating income). For more details, see section 3.4 of the 2015 Registration Document (page 132).
Attendance fees	Not applicable	The members of the Managing Board are not allocated attendance fees.
Fringe benefits	€2,840 (accounting value)	Company car
	€743 (employer contribution)	Health insurance
Signing bonus	Not applicable	Carlos Tavares was not paid any signing bonus.
Termination benefit	Not applicable	Carlos Tavares was not paid any termination benefit.
Non-compete indemnity	Not applicable	Carlos Tavares was not eligible for any non-compete indemnity.
Supplementary pension benefits	No benefits due or paid	Carlos Tavares no longer benefits from the defined benefit pension plan, which was terminated on 31 December 2015. A new pension system was implemented as of 1 January 2016, providing for the payment of an annual top-up contribution by the Company into a pension fund. At this Meeting, shareholders are being asked to approve the elimination of the defined benefit pension plan and the implementation of a new pension system under the resolution concerning related party commitments (4th resolution).

COMPONENTS OF THE 2015 COMPENSATION DUE OR ALLOCATED TO **JEAN-BAPTISTE CHASSELOUP DE CHATILLON,** MEMBER OF THE MANAGING BOARD

Type of compensation	Amounts or accounting value submitted to the advisory vote	Presentation
Fixed compensation	€618,000	Gross salary set by the Supervisory Board on 18 December 2012 and reaffirmed at the Meeting held on 17 February 2015, based on the recommendation of the Appointments, Compensation and Governance Committee.
Variable compensation	€679,800	Gross bonus set by the Supervisory Board on 23 February 2016 based on the recommendation of the Appointments, Compensation and Governance Committee. The Board reviewed the degree to which the targets that had been set at its meeting on 16 December 2014 had been achieved and noted that Jean-Baptiste Chasseloup de Chatillon had: › reached the double trigger threshold for the payment of his bonus (Automotive Division recurring operating income and positive 2015 *operating free cash* flow for the manufacturing and sales companies); › fully achieved the financial objectives set for all members of the Managing Board (*2014 and 2015* operating free cash flow for the Group, corresponding to 40% of the maximum bonus, and 2015 PSA recurring operating income, corresponding to another 40%); › fully achieved his individual objectives (Parts & Services and Banque PSA Finance earnings, workplace safety and vehicle quality, corresponding to 20% of his maximum bonus). As a result, the Supervisory Board considered that Jean-Baptiste Chasseloup de Chatillon had fully achieved his 2015 objectives and therefore granted him a bonus of €679,800, which was in line with the target, i.e., 110% of his salary. For more details, see section 3.4 of the 2015 Registration Document (page 132).
Deferred compensation	Not applicable	No deferred compensation plan.
Long-term incentive bonus	Not applicable	No long-term incentive bonus plan.
Exceptional compensation	Not applicable	No exceptional compensation for 2015.
Stock options, performance shares and other forms of long-term compensation	Stock options = N/A	No stock option plan.
	Performance shares = 65,000 valued at €1,005,550 (fair value estimated based on IFRS standards applied for the preparation of the consolidated financial statements)	The Supervisory Board decided on 17 February 2015 to grant performance shares to members of the Managing Board in accordance with the authorisations of the Shareholders' Meeting on 24 April 2013. The performance share awards are part of an overall plan encompassing several hundreds of senior managers and executives, for a total of 2,465,000 shares (representing 0.31% of the share capital at the grant date). The shares have a two-year vesting period. Once the shares have vested, they must be kept by the members of the Managing Board for two years from the vesting date. The shares will vest subject to performance conditions relating to free cumulative operational cash flow *of* the manufacturing and sales companies over the period 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and recurring operating income for the Automotive Division in 2016. The system is additive (a third for FCF + a third for the net financial position + a third for automotive recurring operating income). For more details, see section 3.4 of the 2015 Registration Document (page 132).
Attendance fees	Not applicable	The members of the Managing Board are not allocated attendance fees.
Fringe benefits	€2,880 (accounting value)	Company car
	€743 (employer contribution)	Health insurance
Signing bonus	Not applicable	Jean-Baptiste Chasseloup de Chatillon was not paid any signing bonus.
Termination benefit	Not applicable	Jean-Baptiste Chasseloup de Chatillon was not paid any termination benefit.
Non-compete indemnity	Not applicable	Jean-Baptiste Chasseloup de Chatillon was not eligible for any non-compete indemnity.
Supplementary pension benefits	No benefits due or paid	Jean-Baptiste de Chatillon no longer benefits from the defined benefit pension plan, which was terminated on 31 December 2015. A new pension system was implemented as of 1 January 2016, providing for the payment of an annual top-up contribution by the Company into a pension fund. At this Meeting, shareholders are being asked to approve the elimination of the defined benefit pension plan and the implementation of a new pension system under the resolution concerning related party commitments (4th resolution).

COMPONENTS OF THE 2015 COMPENSATION DUE OR ALLOCATED TO **GRÉGOIRE OLIVIER,** MEMBER OF THE MANAGING BOARD

Type of compensation	Amounts or accounting value submitted to the advisory vote	Presentation
Fixed compensation	€618,000	Gross salary set by the Supervisory Board on 18 December 2012 and reaffirmed at the meeting held on 17 February 2015, based on the recommendation of the Appointments, Compensation and Governance Committee.
Expatriation allowance	€216,300	Grégoire Olivier is based in China. He previously received a distance allowance corresponding to 50% of his salary. As of 2015, he receives an expatriation allowance, starting from a base of 35% of his salary, to be readjusted to 10.5% as from 2018.
Variable compensation	€598,224	Gross bonus set by the Supervisory Board on 23 February 2016 based on the recommendation of the Appointments, Compensation and Governance Committee. The Board reviewed the degree to which the targets that had been set at its meeting on 16 December 2014 had been achieved and noted that Grégoire Olivier had: › reached the double trigger threshold for the payment of his bonus (Automotive Division recurring operating income and positive 2015 *operating free cash* flow for the manufacturing and sales companies); › fully achieved the financial objectives set for all members of the Managing Board (*2014 and 2015* operating free cash flow for the Group, corresponding to 40% of the maximum bonus, and 2015 PSA recurring operating income, corresponding to another 40%); › completed his individual objectives with an achievement level of 40% (DPCA earnings, corresponding to 20% of his maximum bonus). As a result, the Supervisory Board considered that Grégoire Olivier had completed his 2015 objectives with an achievement level of 88% and therefore granted him a bonus of €598,224, i.e., 96.8% of his salary, versus a target of 110%. For more details, see section 3.4 of the 2015 Registration Document (page 132).
Deferred compensation	Not applicable	No deferred compensation plan.
Long-term incentive bonus	Not applicable	No long-term incentive bonus plan.
Exceptional compensation	Not applicable	No exceptional compensation for 2015.
Stock options, performance shares and other forms of long-term compensation	Stock options = N/A	No stock option plan.
	Performance shares = 65,000 valued at €876,850 (fair value estimated based on IFRS standards applied for the preparation of the consolidated financial statements)	The Supervisory Board decided on 17 February 2015 to grant performance shares to members of the Managing Board in accordance with the authorisations of the Shareholders' Meeting on 24 April 2013. The performance share awards are part of an overall plan encompassing several hundreds of senior managers and executives, for a total of 2,465,000 shares (representing 0.31% of the share capital at the grant date). The shares have a two-year vesting period. Once the shares have vested, they must be kept by the members of the Managing Board for two years from the vesting date. The shares will vest subject to performance conditions relating to free cumulative operational cash flow *of* the manufacturing and sales companies over the period 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and recurring operating income for the Automotive Division in 2016. The system is additive (a third for FCF + a third for the net financial position + a third for automotive recurring operating income). For more details, see section 3.4 of the 2015 Registration Document (page 132).
Attendance fees	Not applicable	The members of the Managing Board are not allocated attendance fees.
Fringe benefits	€2,880 (accounting value)	Company car
	€743 (employer contribution)	Health insurance
Signing bonus	Not applicable	Grégoire Olivier was not paid any signing bonus.
Termination benefit	Not applicable	Grégoire Olivier was not paid any termination benefit.
Non-compete indemnity	Not applicable	Grégoire Olivier was not eligible for any non-compete indemnity.
Supplementary pension benefits	No benefits due or paid	Grégoire Olivier no longer benefits from the defined benefit pension plan, which was terminated on 31 December 2015. A new pension system was implemented as of 1 January 2016, providing for the payment of an annual top-up contribution by the Company into a pension fund. At this Meeting, shareholders are being asked to approve the elimination of the defined benefit pension plan and the implementation of a new pension system under the resolution concerning related party commitments (4th resolution).

COMPONENTS OF THE 2015 COMPENSATION DUE OR ALLOCATED TO **JEAN-CHRISTOPHE QUÉMARD,** MEMBER OF THE MANAGING BOARD

Type of compensation	Amounts or accounting value submitted to the advisory vote	Presentation
Fixed compensation	€618,000	Gross salary set by the Supervisory Board on 18 December 2012 and reaffirmed at the meeting held on 17 February 2015, based on the recommendation of the Appointments, Compensation and Governance Committee.
Variable compensation	€679,800	Gross bonus set by the Supervisory Board on 23 February 2016 based on the recommendation of the Appointments, Compensation and Governance Committee. The Board reviewed the degree to which the targets that had been set at its meeting on 16 December 2014 had been achieved and noted that Jean-Christophe Quémard had: › reached the double trigger threshold for the payment of his bonus (Automotive Division recurring operating income and positive 2015 *operating free cash* flow for the manufacturing and sales companies); › fully achieved the financial objectives set for all members of the Managing Board (*2014 and 2015* operating free cash flow for the Group, corresponding to 40% of the maximum bonus, and 2015 PSA recurring operating income, corresponding to another 40%); › fully achieved his individual objectives (Middle East & Africa earnings, corresponding to 20% of his maximum bonus). As a result, the Supervisory Board considered that Jean-Christophe Quémard had fully achieved his 2015 objectives and therefore granted him a bonus of €679,800, which was in line with the target, i.e., 110% of his salary. For more details, see section 3.4 of the 2015 Registration Document (page 132).
Deferred compensation	Not applicable	No deferred compensation plan.
Long-term incentive bonus	Not applicable	No long-term incentive bonus plan.
Exceptional compensation	Not applicable	No exceptional compensation for 2015.
Stock options, performance shares and other forms of long-term compensation	Stock options = N/A	No stock option plan.
	Performance shares = 65,000 valued at €1,005,550 (fair value estimated based on IFRS standards applied for the preparation of the consolidated financial statements)	The Supervisory Board decided on 17 February 2015 to grant performance shares to members of the Managing Board in accordance with the authorisations of the Shareholders' Meeting on 24 April 2013. The performance share awards are part of an overall plan encompassing several hundreds of senior managers and executives, for a total of 2,465,000 shares (representing 0.31% of the share capital at the grant date). The shares have a two-year vesting period. Once the shares have vested, they must be kept by the members of the Managing Board for two years from the vesting date. The shares will vest subject to performance conditions relating to free cumulative operational cash flow *of* the manufacturing and sales companies over the period 2014-2016, the net financial position of the manufacturing and sales companies in 2016 and recurring operating income for the Automotive Division in 2016. The system is additive (a third for FCF + a third for the net financial position + a third for automotive recurring operating income). For more details, see section 3.4 of the 2015 Registration Document (page 132).
Attendance fees	Not applicable	The members of the Managing Board are not allocated attendance fees.
Fringe benefits	€2,880 (accounting value)	Company car
	€743 (employer contribution)	Health insurance
Signing bonus	Not applicable	Jean-Christophe Quémard was not paid any signing bonus.
Termination benefit	Not applicable	Jean-Christophe Quémard was not paid any termination benefit.
Non-compete indemnity	Not applicable	Jean-Christophe Quémard was not eligible for any non-compete indemnity.
Supplementary pension benefits	No benefits due or paid	Jean-Christophe Quémard no longer benefits from the defined benefit pension plan, which was terminated on 31 December 2015. A new pension system was implemented as of 1 January 2016, providing for the payment of an annual top-up contribution by the Company into a pension fund. At this Meeting, shareholders are being asked to approve the elimination of the defined benefit pension plan and the implementation of a new pension system under the resolution concerning related party commitments (4th resolution).

VI. AUTHORISATION FOR THE MANAGING BOARD TO BUY BACK UP TO 10% OF THE COMPANY'S SHARES

(Thirteenth resolution)

In the **thirteenth resolution** shareholders are asked to renew the authorisation to carry out a share buyback programme. The previous authorisation was given at the Shareholders' Meeting of 29 April 2015 (tenth resolution) and expires this year. 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 9,113,263 treasury shares held by the Company as of 8 February 2016 representing 1.12% of the capital, in practice the Managing Board would be authorised to buy back up to 71,749,079 shares.

The maximum purchase price would be set at €30 per share and the total amount invested in the programme would not exceed €2,152,472,370.

Subject to obtaining this authorisation, the shares could be bought back by any appropriate method, on or off-market, excluding when a takeover bid for the Company is in progress, in accordance with Article L. 225-209 of the French Commercial Code and the rules of the AMF.

The authorisation could be used to buy back shares for cancellation in order to reduce the Company's capital; 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 transactions, mergers, demergers or asset contributions.

This authorisation is being sought for a period of eighteen months.

8.1.2. Extraordinary resolutions

VII. AUTHORISATION FOR THE MANAGING BOARD TO SET UP A PERFORMANCE SHARE PLAN FOR EMPLOYEES AND/OR EXECUTIVE DIRECTORS OF THE COMPANY OR RELATED COMPANIES

(Fourteenth resolution)

In the **fourteenth resolution,** the Managing Board is asking shareholders to renew the authorisation to award performance shares given at the Shareholders' Meeting of 29 April 2015.

The resolution would authorise the Company to grant, on one or several occasions, performance share rights exercisable for existing or new ordinary shares of the Company to employees and/or corporate officers of the Company or of any related entity or economic interest grouping as defined in Article L. 225-197-2 of the French Commercial Code.

Purpose of renewing this authorisation

The early renewal of this authorisation would enable the Group to bring the performance share plans in line with (i) its new strategic plan, and (ii) the new legal and tax system provided for in the Macron Law of 6 August 2015.

- Alignment of performance share plans with the new strategic plan.

  The aim of implementing performance share plans is to more closely involve officers and employees in the Group's financial performance and to retain core talent.

  In light of the Group's financial reconstruction, on 5 April 2016 the Group plans to announce its new strategic plan, which will succeed the Back in the Race plan.

  It is vital that the Group aligns the objectives of officers and employees with the objectives of the new strategic plan, both in terms of their type and their duration (i.e., the duration of the performance share plans will be increased from two to three years).
- Alignment with the new legal and tax system provided for in the Macron Law of 6 August 2015.

The renewal of this authorisation would mean that future performance share plans could be aligned with the new legal and tax system established pursuant to the Macron Law, the main advantages of which are set out below:

	Previous system	"Macron Law" system
Minimum vesting period for shares	2 years	1 year
Lock-up period applicable to the shares	Minimum "2+2" (2-year vesting period + 2-year lock-up period) or "4+0" (4-year vesting period and no lock-up period)	Optional lock-up period. Vesting period + lock-up period of at least 2 years.
Employer contribution	30% payable in the month following the grant date	20% payable in the month following the vesting date (therefore based only on shares that have actually vested)
Tax and social contributions payable on vesting	Income tax, wages and salaries category + social contributions (8%)	Income tax, system based on capital gains on the sale of securities (with tax relief based on length of holding period) + social contributions (15.5%)
Employee contribution payable by beneficiaries	10% payable on sale of shares	No employee contribution

It is in the best interests of the Company and of grantees (who are key to the success of the Group's performance) to ensure performance share plans are aligned with the new system.

Terms and conditions of the renewed authorisation

The number of shares awarded without consideration under this authorisation would not represent more than 0.85% of the Company's capital as of the date of the Managing Board's decision, and the number of shares awarded to members of the Managing Board would not represent more than 0.15% of the Company's capital, and would be deducted from the 0.85% ceiling mentioned above.

The ceilings remain unchanged from those provided for in the authorisation granted by the Shareholders' Meeting of 29 April 2015, which has not been used as of this date. This new authorisation would replace and supersede the 2015 authorisation and would be valid for the same length of time (26 months). The dilutive effect for shareholders would therefore not be increased.

The performance shares would be subject to a vesting period that would be set by the Managing Board but in each case would not be less than three years (compared with two years previously), and the final number of shares that vest would be determined over a performance period of three consecutive years. The Managing Board is free to decide whether or not to set a lock-up period.

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, or in the case of any exceptions decided by the Managing Board. In addition, all of the awards 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. The performance conditions would relate to the achievement of objectives under the Group's new strategic plan.

None, some or all of the performance shares would vest, depending on the degree to which the performance objectives were met.

In addition, in line with the applicable regulations, for performance shares awarded to members of the Managing Board, the Supervisory Board could decide that the shares may not be sold for as long as the grantee remained in office or could stipulate the number of shares that must be held in registered form for as long as he or she remained in office.

Draft performance share plan for 2016

Following its decision of 23 February 2016, the Supervisory Board approved the principles and terms of a new performance share plan for the members of the Managing Board, effective as of the close of this meeting.

The Chairman of the Managing Board will be awarded 130,000 performance shares, and the other members of the Managing Board will be awarded 60,000 performance shares. The performance share awards will be part of an overall plan encompassing several hundreds of senior managers and executives, for a total of 2,100,000 shares (representing 0.26% of the share capital).

The vesting period will be divided into two stages: 50% of the shares initially allocated will be subject to a vesting period of three years while the remaining 50% will be subject to a vesting period of four years.

The final number of shares that vest at the end of each vesting period will be determined over a performance period of three consecutive years (2016-2018).

This plan does not include a lock-up period. The performance shares will vest subject to two performance conditions relating to the Group's new strategic plan. Further details will be disclosed on publication of the new strategic plan (i.e., 5 April 2016).

The structure of the performance objectives is set out in the table below.

Fraction of shares initially allocated (each of which represent 50% of the award)	Type of performance objective	Trigger threshold	Target
Fraction 1	Objective 1 of the new strategic plan	Principle: trigger threshold = achievement of the new strategic plan performance objective. If the trigger threshold is reached, 50% of the shares corresponding to the fraction will vest. If the trigger threshold is not reached, neither shares in this Fraction nor in the Fraction 2 will vest.	Principle: new strategic plan performance objective 1 exceeded. Beyond the trigger threshold, the number of shares that will vest will vary on a linear basis up to 100% of the shares corresponding to the fraction if this target is met.
Fraction 2	Objective 2 of the new strategic plan	Principle: trigger threshold = near achievement of the new strategic plan performance objective. If the trigger threshold is reached, 50% of the shares corresponding to the fraction will vest. If the trigger threshold is not reached, no shares in the Fraction 2 will vest.	Principle: new strategic plan performance objective 2 exceeded. Beyond the trigger threshold, the number of shares that will vest will vary on a linear basis up to 100% of the shares corresponding to the fraction if this target is met.

The performance share plan requires that:

- members of the Managing Board keep, in registered form and until the cessation of their role, at least 25% of the number of vested shares (subject to the performance conditions being met) at the end of the vesting period;
- members of the Managing Board acquire, on the availability date of the awarded shares, a number of shares equivalent to 5% of the number of vested shares (subject to the performance conditions being met) at the end of the vesting period; and
- members of the Managing Board refrain from carrying out transactions to hedge their risk on the awarded shares.

These vesting and lock-up conditions, applicable to each member of the Managing Board, will cease to apply when a member holds a number of registered shares that is equal to more than two years of his gross salary. However, the conditions shall automatically re-apply if the number of said shares falls below the target level. The calculation will take into account the share price at the performance shares' final vesting date.

Between 2009 and 2014, the members of the Managing Board were not awarded any options or performance shares. The shares awarded under the performance share plans implemented in February 2015 (as described in the 2015 Registration Document) are currently subject to a vesting period and at the date of this report, information relating to the number of shares that will ultimately vest is not available.

In the past, the Group has demonstrated that it sets very high performance standards. For example, when the Company launched a performance share plan in 2010 for a total of 816,000 existing shares, which was open to senior managers and a certain number of executives (but not members of the Managing Board), and the cumulative performance conditions for 2010, 2011 and 2012[(1)] were not met, none of the shares vested.

SUMMARY TABLE OF PERFORMANCE SHARE AND STOCK OPTION PLANS

Year	Plan	Grantees	Number of shares granted	Percentage of capital represented by shares granted (on the grant date)	Achievement of performance objectives
2015	Performance share plan	Members of the Managing Board senior managers and executives	2,465,000 (of which 130,000 for the members of the Managing Board)	0.31% (of which 0.04% for the members of the Managing Board)	Vesting period in progress
2014	No plan				
2013	No plan				
2012	No plan				
2011	No plan				
2010	Performance share plan	senior managers and executives	816,000	0.34%	No
2009	No plan				
2008	Stock option plan	Members of the Managing Board senior managers and executives	1,916,820	0.81%	N/A

As was the case at all recent Shareholders' Meetings, no resolution is being presented at this Meeting to authorise the Managing Board to set up a stock option plan.

The Managing Board will report to shareholders on any use made of this authorisation, in accordance with Article L. 225-197-4 of the French Commercial Code.

(1) Performance conditions linked to cumulative Group recurring operating income over three years, excluding Faurecia but including operations in China, accounted for by the equity method.

VIII. DELEGATION OF AUTHORITY FOR THE MANAGING BOARD TO ISSUE EQUITY WARRANTS WHILE A TAKEOVER BID FOR THE COMPANY IS IN PROGRESS

(Fifteenth resolution)

The **fifteenth resolution** would grant the Managing Board a delegation of authority to issue equity warrants to shareholders on preferential terms while an unsolicited 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 Article L. 233-32 II of the French 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 Managing Board considers that it needs to be able to issue equity warrants on the basis allowed by law if the Company is the target of a takeover bid that the Managing Board considers contrary to the interests of both the Company and its shareholders.

The equity warrants would expire automatically when the takeover bid or any competing bid failed, expired or was withdrawn.

Equity warrants issued under the delegation of authority would not be exercisable for shares representing more than €404,311,714 (not including premiums), representing 50% of the Company's capital as of 8 February 2016, and the number of warrants would not exceed the number of shares outstanding on the warrant issue date.

This delegation of authority would cover any takeover bid filed within a period of 18 months of this Meeting and would expire at the end of the offer period under any such bid.

IX. DELEGATION OF AUTHORITY FOR THE MANAGING BOARD TO CARRY OUT ONE OR SEVERAL EMPLOYEE SHARE ISSUES

(Sixteenth resolution)

Whenever shareholders are asked to grant a delegation of authority to carry out one or several share issues (on exercise of equity warrants) – as is the case in the fifteenth resolution presented at this Meeting – in accordance with Article L. 225-129-6, paragraph 1, of the French Commercial Code, a separate resolution must be presented authorising one or more employee share issues. This is the purpose of the **sixteenth resolution.**

Under this resolution, the Managing Board would be authorised to issue up to €8,086,234 worth of shares and/or securities carrying rights to shares to employees through one or several offers, representing approximately 1% of the Company's capital as of 8 February 2016. This is the same percentage as that specified in the authorisation to the same effect given to the Managing Board by the Shareholders' Meeting of 29 April 2015 (nineteenth resolution).

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. 3344-1 of the French Labour Code (*Code du travail*). Existing shareholders would not have a pre-emptive subscription right in relation to these issues.

In accordance with Article L. 3332-19 of the French Labour Code, the shares would not be offered at a price that was greater than the average of the prices quoted for the Company's shares over the 20 trading days preceding the decision setting the opening date of the subscription period, nor would they be offered at a discount in excess of that specified in Article L. 3332-19.

The Managing Board could use this delegation of authority to grant free shares to the above plan participants – corresponding either to new shares paid up by capitalising reserves, profit or additional paid-in capital or to existing shares – in respect of (i) the employer's matching contribution to the employee stock ownership plan that may be payable in application of the plan rules, and/or (ii) the discount, provided that their pecuniary value – corresponding to the subscription price – did not result in a breach of the ceilings provided for in the applicable regulations.

This delegation of authority would be granted for a period of 26 months.

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 delegation of authority.

In accordance with the applicable laws and regulations, if this delegation of authority is used, the Managing Board will issue a further report describing the final terms of the issue, and its impact on holders of shares and securities carrying rights to shares, particularly any dilutive impact on equity per share. This report, along with the Statutory Auditors' Report on the same subject, would be made available to shareholders on the basis prescribed in the French Commercial Code.

X. AMENDMENT TO THE BYLAWS TO CANCEL THE REQUIREMENT FOR SUPERVISORY BOARD MEMBERS TO HOLD 25 SHARES

(Seventeenth resolution)

Since 1 January 2009, French law no longer requires the Company's bylaws to include a provision whereby Supervisory Board members must hold a certain minimum number of shares.

In the **seventeenth resolution,** shareholders are therefore being asked to approve the amendment to Article 10 of the bylaws to cancel the requirement for members of the Supervisory Board to hold 25 shares in the Company.

However, since 2014, under the Internal Rules of the Supervisory Board, members have been required to hold 1,000 shares (except for French government representatives, the employee representative(s) and the employee shareholder representative, in accordance with the special legislative provisions applicable to them), and to register them with the Company or with a banker or broker. The Internal Rules of the Supervisory Board are available in full on the Group's website (www.psa-peugeot-citroen.com/Rubrique Finance/Gouvernement d'entreprise).

XI. AMENDMENT TO THE BYLAWS TO BRING THEM INTO COMPLIANCE WITH THE NEW LEGAL AND REGULATORY PROVISIONS RELATING TO THE RECORD DATE FOR THE LIST OF PERSONS AUTHORISED TO PARTICIPATE IN SHAREHOLDERS' MEETINGS

(Eighteenth resolution)

The **eighteenth resolution** concerns bringing the bylaws into compliance with the new legal and regulatory provisions relating to the record date for the list of persons authorised to participate in Shareholders' Meetings. The record date has been reduced from three to two business days prior to the Shareholders' Meeting, in accordance with Article L. 225-85 of the French Commercial Code, as amended by decree no. 2014-1466 of 8 December 2014.

Shareholders are being asked to approve the amendment to Article 11 of the bylaws in order to bring the cut-off date by which votes cast or proxies given can be cancelled before a Shareholders' Meeting into compliance with the new legal record date deadline.

XII. POWERS TO CARRY OUT FORMALITIES

(Nineteenth resolution)

The **nineteenth resolution** is the standard resolution giving the necessary powers to carry out legal publication and other formalities.

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Shareholders are asked to adopt the above resolutions that the Managing Board has recommended for approval.

The Managing Board

8.2. AGENDA AND TEXT OF THE PROPOSED RESOLUTIONS

8.2.1. Agenda

A. ORDINARY RESOLUTIONS

- Approval of the parent company financial statements for the year ended 31 December 2015;
- Approval of the consolidated financial statements for the year ended 31 December 2015;
- Appropriation of 2015 profit;
- Approval of related party commitments – approval of the elimination of the defined benefit pension plan for members of the Managing Board and the implementation of a new pension plan;
- Ratification of the appointment of a member of the Supervisory Board (Catherine Bradley);
- Re-election of a member of the Supervisory Board (Catherine Bradley);
- Ratification of the appointment of a member of the Supervisory Board (Zhu Yanfeng);
- Ratification of the appointment of a member of the Supervisory Board (Dongfeng Motor (Hong Kong) International Co., Ltd);
- Appointment of a new member to the Supervisory Board (Helle Kristoffersen to replace Patricia Barbizet, who has resigned);
- Maximum aggregate amount of attendance fees;
- Advisory vote on the compensation due or allocated to the Chairman of the Managing Board (Carlos Tavares);
- Advisory vote on the compensation due or allocated to the other members of the Managing Board (Jean-Baptiste Chasseloup de Chatillon, Grégoire Olivier and Jean-Christophe Quémard)
- Authorisation for the Managing Board to buy back up to 10% of the Company's shares in accordance with the provisions of Article L. 225-209 of the French Commercial Code, except when a takeover bid for the Company is in progress.

B. EXTRAORDINARY RESOLUTIONS

- Authorisation for the Managing Board to set up a performance share plan, without preferential subscription rights, for employees and/or Executive Directors of the Company or related companies;
- Delegation of authority for the Managing Board to issue equity warrants to shareholders without consideration while a takeover bid for the Company is in progress;
- Delegation of authority for the Managing Board to increase the share capital through the issue of shares and/or securities carrying rights to shares of the Company reserved for employees, without preferential subscription rights;
- Amendment to Article 10 of the bylaws to cancel the requirement for Supervisory Board members to hold 25 shares;
- Amendment to Article 11, paragraph 10 of the bylaws to bring them into compliance with the new legal and regulatory provisions relating to the record date for the list of persons authorised to participate in Shareholders' Meetings;
- Powers to carry out formalities.

8.2.2. Text of the proposed resolutions

A. ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the parent company financial statements for the year ended 31 December 2015

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings and having considered the annual financial statements, the Managing Board's Report, the Report of the Supervisory Board, the Report of the Chairman of the Supervisory Board and the Statutory Auditors' Report on the annual financial statements for the year ended 31 December 2015, approves the parent company financial statements for the year ended 31 December 2015 as presented, showing a profit of €3,315,010,316.90, 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 2015

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings and having considered the consolidated financial statements, the Managing Board's Report, the Report of the Supervisory Board and the Statutory Auditors' Report on the consolidated financial statements, approves the consolidated financial statements for the year ended 31 December 2015 as presented, as well as the transactions reflected in those consolidated financial statements or disclosed in those reports.

THIRD RESOLUTION

Appropriation of 2015 profit

Based on the recommendation of the Managing Board, the Shareholders' Meeting resolves to appropriate the profit for the year ended 31 December 2015 as follows:

- net profit for the year: €3,315,010,316.90;
- appropriated to the legal reserve: €2,550,866.10.

The remaining €3,312,459,450.80 will be appropriated to "Retained earnings", increasing the balance to €6,219,312,987.86.

The Shareholders' Meeting notes that no dividend was paid for 2014, 2013 or 2012.

FOURTH RESOLUTION

Approval of related party commitments – approval of the elimination of the defined benefit pension plan for members of the Managing Board and the implementation of a new pension plan

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary Shareholders' Meetings and having considered the Statutory Auditors' Special Report drawn up in accordance with Article L. 225-88 of the French Commercial Code (*Code de commerce*) on related party agreements and commitments governed by Article L. 225-86 *et seq.* of said Code, approves the elimination of the defined benefit pension plan for members of the Managing Board and the implementation of a new pension plan, as described in point 1 of the Statutory Auditors' Special Report.

FIFTH RESOLUTION

Ratification of the appointment of a member of the Supervisory Board (Catherine Bradley)

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, ratifies the Supervisory Board's decision of 23 February 2016 to appoint Catherine Bradley to the Supervisory Board to replace Dominique Reiniche, who has resigned, for the remainder of her term of office, which expires at the close of this Meeting.

SIXTH RESOLUTION

Re-election of a member of the Supervisory Board (Catherine Bradley)

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, re-elects Catherine Bradley as a member of the Supervisory Board for a period of four years expiring at the close of the Shareholders' Meeting to be called in 2020 to approve the financial statements for the year ending 31 December 2019.

SEVENTH RESOLUTION

Ratification of the appointment of a member of the Supervisory Board (Zhu Yanfeng)

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, ratifies the Supervisory Board's decision of 4 June 2015 to appoint Zhu Yanfeng to the Supervisory Board to replace Xu Ping, who has resigned, for the remainder of his term of office, which expires at the close of the Shareholders' Meeting to be called in 2018 to approve the financial statements for the year ending 31 December 2017.

EIGHTH RESOLUTION

Ratification of the appointment of a member of the Supervisory Board (Dongfeng Motor (Hong Kong) International Co., Limited)

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, ratifies the Supervisory Board's decision of 15 December 2015 to appoint Dongfeng Motor (Hong Kong) International Co., Limited, a Hong Kong company headquartered at 2/F Kam Chung Comm. Bldg, 19-21 Hennessy Rd Wanchai, Hong Kong, to the Supervisory Board to replace Zhu Yanfeng, who has resigned, for the remainder of his term of office, which expires at the close of the Shareholders' Meeting to be called in 2018 to approve the financial statements for the year ending 31 December 2017.

NINTH RESOLUTION

Appointment of a new member to the Supervisory Board (Helle Kristoffersen to replace Patricia Barbizet, who has resigned)

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, appoints Helle Kristoffersen as a member of the Supervisory Board for a four-year period expiring at the close of the Shareholders' Meeting to be called in 2020 to approve the financial statements for the year ending 31 December 2019.

TENTH RESOLUTION

Maximum aggregate amount of attendance fees

The Shareholders' Meeting, voting in accordance with the quorum and majority conditions applicable to Ordinary Shareholders' Meetings, decides to increase the maximum aggregate compensation of Supervisory Board members from one million euros (€1,000,000) to one million one hundred thousand euros (€1,100,000) for 2016 and each subsequent year until decided otherwise.

ELEVENTH RESOLUTION

Advisory vote on the compensation due or allocated to the Chairman of the Managing Board (Carlos Tavares)

Having been consulted in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies (paragraph 24.3) and voting in accordance with the quorum and majority voting conditions applicable to Ordinary Shareholders' Meetings, the Shareholders' Meeting issues a positive advisory vote on the compensation due or allocated to Carlos Tavares, Chairman of the Managing Board for 2015, as presented in section V of the Managing Board's Report on the resolutions presented at this Meeting.

TWELFTH RESOLUTION

Advisory vote on the compensation due or allocated to the other members of the Managing Board (Jean-Baptiste Chasseloup de Chatillon, Grégoire Olivier and Jean-Christophe Quémard)

Having been consulted in accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code for listed companies (paragraph 24.3) and voting in accordance with the quorum and majority voting conditions applicable to Ordinary Shareholders' Meetings, the Shareholders' Meeting issues a positive advisory vote on the compensation due or allocated to Jean-Baptiste Chasseloup de Chatillon, Grégoire Olivier and Jean-Christophe Quémard for 2015, as presented in section V of the Managing Board's Report on the resolutions presented at this Meeting.

THIRTEENTH RESOLUTION

Authorisation for the Managing Board to buy back up to 10% of the Company's shares in accordance with the provisions of Article L. 225-209 of the French Commercial Code, except when a takeover bid for the Company is in progress

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary Shareholders' Meetings and having considered the Managing Board's Report, resolves, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code:

1. to authorise the Managing Board, with the right of delegation, to buy back – directly or through a representative – up to 71,749,079 shares of the Company, in one or several transactions on dates to be decided by the 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 capital, in accordance with the authorisation provided for in the tenth extraordinary resolution of the Combined Shareholders' Meeting of 29 April 2015,
   - (b) for allocation on exercise of stock options granted to employees and/or corporate officers of the Company or 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 corporate officers of the Company or any related entity or grouping, in accordance with the applicable laws and regulations,
   - (d) for allocation to employees who are members of an employee stock ownership plan in transactions complying with Articles L. 3331-1 *et seq.* of the French Labour Code (*Code du travail*) that involve the sale of shares previously 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 applicable regulations,

(g) for delivery in a payment, exchange or contribution transaction carried out in connection with an external growth transaction, 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 or put options and any and all other derivatives traded on a regulated market or over-the-counter and, in particular, any type of call option;
4. that the maximum purchase price shall be set at thirty euros (€30) 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 two billion one hundred and fifty-two million four hundred and seventy-two thousand three hundred and seventy euros (€2,152,472,370);
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 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, for the unused portion and remaining period, the authorisation for the same purpose given at an earlier Shareholders' Meeting.

B. EXTRAORDINARY RESOLUTIONS

FOURTEENTH RESOLUTION

Authorisation for the Managing Board to set up a performance share plan, without preferential subscription rights, for employees and/or Executive Directors of the Company or related companies

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary Shareholders' Meetings and having considered the Managing Board's Report and the Statutory Auditors' Special Report, resolves, in compliance with Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. to authorise the Managing Board to grant, on one or several occasions, performance share rights exercisable for existing or new ordinary shares of the Company to all or selected employees and/or corporate officers of the Company or of any related entity or economic interest grouping as defined in Article L. 225-197-2 of the French Commercial Code;
2. 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, and that:

   (a) the number of shares granted to members of the Managing Board may not represent more than 0.15% of the Company's capital as of the date of the Managing Board's decision, with said shares being deducted from the 0.85% ceiling mentioned above;

   (b) the 0.85% and 0.15% ceilings referred to above shall not take into account any additional shares that may be allocated to grantees in respect of the adjustments to be made to protect their rights in the case of a corporate action that takes place during the vesting period referred to in paragraph 3 of this resolution;
3. that:

   (a) the shares shall be subject to a vesting period of at least three years set by the Managing Board (NB: the Managing Board may set a vesting period exceeding three years);

   (b) if applicable, the Managing Board will set the required lock-up period for said shares;

   (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 (*Code de la sécurité sociale*), before the end of the vesting period, the shares will vest and become transferable with immediate effect;
4. that performance shares granted to members of the Managing Board must be authorised by the Supervisory Board, and the Supervisory Board may decide that the shares may not be sold for as long as the grantee remains in office or stipulate the number of shares that must be held in registered form for as long as he or she remains in office;
5. that, pursuant to this authorisation, eligibility for performance shares is subject to the grantees' continual presence within the Company and their achievement of several performance objectives set by the Managing Board on the grant date, subject to authorisation by the Supervisory Board, and assessed over a minimum period of three consecutive years;
6. that if this authorisation is used to grant new shares, it shall automatically entail the waiver by shareholders in favour of performance share rights holders of (i) their preferential rights to subscribe for the ordinary shares to be issued as the performance shares vest, and (ii) any other rights to shares granted without consideration pursuant to this authorisation;
7. to give full powers to the Managing Board – which may be delegated as provided for by the applicable laws and regulations – to use this authorisation and notably:

- prepare the list of grantees and the number of shares granted to each one,
- decide whether the performance share rights will be exercisable for existing or new shares and to change this decision before the definitive grant date, where applicable,
- set the terms and conditions of the 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 corporate 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, (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, and
- more generally, guarantee the successful completion of transactions;

8. that this authorisation is given for a period of twenty-six months from the date of this Meeting and supersedes, for the unused portion and remaining period, the authorisation for the same purpose given at an earlier Shareholders' Meeting.

FIFTEENTH RESOLUTION

Delegation of authority for the Managing Board to issue equity warrants to shareholders without consideration while a takeover bid for the Company is in progress

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Ordinary Shareholders' Meetings and having considered the Managing Board's Report and the Statutory Auditors' Special Report, resolves:

1. in accordance with Article L. 233-32 II of the French Commercial Code, to grant full discretionary powers to the Managing Board to issue, on one or several occasions while a takeover bid for the Company is in progress, equity warrants exercisable on preferred terms for one or several shares of the Company 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. that (i) the aggregate par value of the shares to be issued on exercise of the warrants may not exceed €404,311,714, 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 and regulations and any contractual provisions providing for other adjustments 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. that (i) the warrants issued under this authorisation shall not be exercisable and shall automatically expire if the takeover bid and any competing bid fails, expires or is withdrawn; and (ii) 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. that this authorisation shall automatically entail the waiver by shareholders of their preferential right to subscribe for any shares to be issued on exercise of the equity warrants;
5. that the Managing Board shall have full powers to implement this authorisation and to:
   (a) set the terms of issue and allocation, without consideration, of the equity warrants and the number of warrants to be issued; decide to postpone or cancel the issue,
   (b) set the terms of exercise of the equity 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,
   (c) 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,
   (d) set the terms and conditions of any capital increase resulting from the exercise of the warrants and 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 premiums and deduct from the premiums the amount necessary to raise the legal reserve to one-tenth of the new capital after each capital increase,
   (e) 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. 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 shall supersede, for the unused portion and remaining period, the authorisation for the same purpose given at an earlier Shareholders' Meeting.

SIXTEENTH RESOLUTION

Delegation of authority for the Managing Board to increase the share capital through the issue of shares and/or securities carrying rights to shares of the Company reserved for employees, without preferential subscription rights

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary Shareholders' Meetings and having considered the Managing Board's Report and the Statutory Auditors' Special Report, resolves, in accordance with Articles L. 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code:

1. to grant to the Managing Board, if considered appropriate, full discretionary powers to increase the Company's capital, on one or several occasions, through the issue of ordinary shares and/or securities carrying rights to shares of the Company to members of one or several company or group employee stock ownership plans set up by the Company or by French or foreign related companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code;
2. to waive their preferential subscription rights for shares that may be issued under this delegation of authority;
3. that this authorisation is given for a period of twenty-six months from the date of this Meeting;
4. to limit the maximum aggregate amount of the capital increases carried out under this delegation of authority to €8,086,234. This amount is not subject to any ceilings provided for under delegations of authority for capital increases and will be deducted from the blanket ceiling set in the eighteenth extraordinary resolution of the Combined Shareholders' Meeting of 29 April 2015. Where applicable and in accordance with the law and any contractual provisions providing for other adjustments, the par value of any additional ordinary shares to be issued will be added to this amount to protect the rights of the holders of securities carrying rights to shares of the Company;
5. that, pursuant to paragraph 1 of this delegation of authority, the shares to be issued may not be offered at a price lower than 20% (or 30% if the lock-up period provided by the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is at least ten years) of the average of the prices quoted for the Company's shares over the 20 trading days preceding the Managing Board's decision on the capital increase and the corresponding share issue, nor can the price be greater than this average;
6. that, in accordance with the provisions of Article L. 3332-21 of the French Labour Code, the Managing Board may grant to the participants referred to in paragraph 1 free shares and/or securities carrying rights to shares of the Company, to be issued or already issued, in respect of (i) the employer's matching contribution to the employee stock ownership plan that may be payable in application of the plan rules, and/or (ii) the discount;
7. that this delegation of authority supersedes, for the unused portion and remaining period, any delegation of authority for the same purpose given at an earlier Shareholders' Meeting.

The Managing Board may carry out this delegation of authority and take any and all necessary measures and formalities.

SEVENTEENTH RESOLUTION

Amendment to Article 10 of the bylaws to cancel the requirement for Supervisory Board members to hold 25 shares

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary Shareholders' Meetings and having considered the Managing Board's Report:

1. decides to amend Article 10 of the Company's bylaws in order to remove: (i) Article 10-II and, as a result, amend the numbering of the subsequent articles; (ii) the third paragraph of Article 10-I, B), (v); and (iii) the seventh paragraph of Article 10-I, C), (v);
2. decides that the wording of the provisions of Article 10 will remain unchanged with the exception of the following:

Previous wording	New wording
I – B) Supervisory Board member(s) representing employees (v) Supervisory Board members representing employees shall be appointed for a four-year term expiring at the close of the Shareholders' Meeting of the full European Works Council held during the fourth year of their term.	(unchanged)
However, their appointment shall be automatically and immediately terminated if they cease to be an employee of the Company or of one of its direct or indirect subsidiaries.	(unchanged)
The provisions of Article 10-II 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(s) representing employees.	(removed)
Said member(s) shall be governed by the provisions of the Company's bylaws and the laws and regulations applicable to all Supervisory Board members, subject to any specific legal provisions applicable to Board members representing employees and to the provisions of this Article 10-1 B) of the bylaws.	(unchanged)
C) Supervisory Board member representing employee shareholders (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 Article 10-1 A) of these bylaws.	(unchanged)
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.	(unchanged)
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 C) of the bylaws.	(unchanged)
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.	(unchanged)
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.	(unchanged)
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.	(unchanged)
The provisions of Article 10-II 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.	(removed)
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 C) of the bylaws.	(unchanged)
II – Each Supervisory Board member shall hold at least twenty-five shares in the Company throughout his or her term.	(removed)

EIGHTEENTH RESOLUTION

Amendment to Article 11, paragraph 10 of the bylaws to bring them into compliance with the new legal and regulatory provisions relating to the record date for the list of persons authorised to participate ini Shareholders' Meetings

The Shareholders' Meeting, voting in accordance with the quorum and majority voting conditions applicable to Extraordinary Shareholders' Meetings and having considered the Managing Board's Report, decides to amend the bylaws to bring them into compliance with Article R. 225-85 of the French Commercial Code and, as a result, to amend Article 11, paragraph 10 of the bylaws as follows:

- The word "third" is replaced by "second", changing the wording as follows:

"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 ***second*** *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."*

NINETEENTH RESOLUTION

Powers to carry out formalities

The 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.

8.3. AUDITORS' REPORTS

Statutory Auditors' Report on the free allocation of existing shares or shares to be issued

(Fourteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free allocation of existing shares or shares to be issued, reserved for employees or some employees and directors or some directors of your Company and Group or economic interest companies in the meaning of Article L. 225-197-2 of the French Commercial Code (*Code de commerce*), an operation upon which you are called to vote.

The number of shares that may be allocated cannot exceed 0.85% of the share capital as at the date of the Managing Board's decision, as it is specified that:

- the number of shares that may be allocated to members of Managing Board may not exceed more than 0.15% of the share capital, as assessed the day of the allocation decision by the member of managing. This ceiling will be deducted from the ceiling mentioned above of 0.85% of the share capital;
- the ceiling and sub-ceiling mentioned above don't take into account the number of shares that might be allocated to beneficiaries in addition to the shares originally allocated by the way of adjustments made to protect the right of beneficiaries in the event of a capital transaction during the acquisition period determined by the Managing Board.

Your Managing Board proposes that on the basis of its report, it be authorized, for a period of twenty-six months to allocate, for free, existing shares or shares to be issued subject to performance conditions.

It is the responsibility of the Managing Board to prepare a report on the proposed operation. Our role is to report, if necessary, on any matters relating to the information regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Managing Board's Report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Managing Board's Report relating to the proposed free allocation of shares.

Courbevoie and Paris-La Défense, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

Statutory Auditors' Report on the issue of bonus share warrants in the event of takeover bids targeting the Company's shares

(Fifteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed issue of bonus share warrants in the event of takeover bids targeting the Company's shares, an operation upon which you are called to vote.

Your Managing Board proposes that, on the basis of its report, it be authorized for a period expiring at the end of the offer period under any takeover bid and lodged within a period of eighteen months of this meeting, under Article L. 233-32 II of the French Commercial Code (*Code de commerce*):

- to resolve to issue share warrants subject to Article L. 233-32 II of the French Commercial Code (*Code de commerce*), with preferential subscription rights, for one or more shares in the Company, and their allocation free of charge to all qualified shareholders before expiration of the takeover bid;
- to set the conditions under which the warrants may be exercised and the features of such warrants.

The maximal nominal amount of the shares thus issued may not exceed the ceiling of € 404,311,714 and the maximum number of share warrants may not exceed the number of shares outstanding at the time the share warrants are issued.

It is the responsibility of the Managing Board to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Managing Board's Report relating to this operation.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report on the information provided in the Managing Board's Report on the proposed issue of bonus share warrants in the event of takeover bids targeting the Company's shares.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Managing Board has exercised this authorization.

Courbevoie and Paris-La Défense, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

8

Statutory Auditors' Report on the increase in capital reserved for employees who are members of a company savings scheme

(Sixteenth resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize your Managing Board to decide whether to proceed with an increase in capital by an issue of ordinary shares and/or securities with cancellation of preferential subscription rights reserved for employees and eligible in accordance with legal stipulations who are members of a company savings scheme or a group savings scheme of Peugeot S.A. or French or foreign entity in the meaning of Articles L. 225-180 of the French Commercial Code (*Code de commerce*) and L. 3344-1 of the French Labour Code (*Code du travail*), an operation upon which you are called to vote.

The maximum amount of the capital increase that may result from this issue amounted to € 8,086,234, it being specified that this amount will be deducted from the ceiling provided for in the eighteenth resolution of the Mixed Shareholders' Meeting held on 29 April 2015.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (*Code de commerce*) and L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

Your Managing Board proposes that, on the basis of its report, it be authorized for a period of twenty-six months, to decide on whether to proceed with an increase in capital and proposes to cancel your preferential subscription rights. If applicable, it shall determine the final conditions of this operation.

It is the responsibility of the Managing Board to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Managing Board's Report relating to this operation and the methods used to determine the issue price of the shares.

Subject to a subsequent examination of the conditions for the increase in capital that would be decided, we have no matters to report as to the methods used to determine the issue price for the ordinary shares to be issued provided in the Managing Board's Report.

As the final conditions for the increase in capital have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, when your Managing Board has exercised this authorization.

Courbevoie and Paris-La Défense, 24 February 2016

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

9

ADDITIONAL INFORMATION

9.1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Person responsible for the 2015 Registration Document

Carlos Tavares

Chairman of the Peugeot S.A. Managing Board

Statement by the person responsible for the 2015 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 pages 331 and 332, 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 consolidated financial statements for the year ended 31 December 2014 include an emphasis of matter. The report may be found on pages 263 and 264 of the Registration Document filed with the French securities regulator (*Autorité des Marchés Financiers*) on 28 March 2015 under no. D. 15-0215. In the report on the consolidated financial statements, the emphasis of matter is the following:

"Without qualifying our opinion, we draw your attention to Notes 2 "Accounting principles" and 3.4 "Changes To Financial Statements Previously Reported" to the consolidated financial statements which set out the impact of the first application of IFRS 10 and IFRS 11 concerning consolidated financial statements and joint arrangements.»

The consolidated financial statements for the year ended 31 December 2013 include an emphasis of matter. The report may be found on pages 280 and 281 of the Registration Document filed with the French securities regulator (Autorité des Marchés Financiers) on 2 April 2014 under No. D.14-0269. In the report on the consolidated financial statements, the emphasis of matter is the following.

"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 consolidated financial statements:

- Note 2.4 which specifies the accounting items for which estimates and assumptions used are particularly sensitive;
- Note 9.1 on impairment testing of Automotive Division assets, which led to a €1,009 million impairment. This note indicates that the tests have been performed based on a medium-term plan for which the funding arrangements had not been finalised as at 31 December 2013. It further indicates that the Group is confident in its ability to implement the corresponding funding;
- Note 40 on subsequent events. It indicates, in particular, that the Managing Board and the Supervisory Board decided, on 18 February 2014, to submit a capital increase of €3 billion to the next Shareholders' Meeting. It specifies that this capital increase is aimed at financing among others the current medium-term plan of the Group and revitalising its development;
- Note 36 which sets out the Group's and Banque PSA Finance's liquidity position;
- Note 3 which sets out the impact of the first application of IAS 19 (revised) concerning employee benefits."

Carlos Tavares

Chairman of the Peugeot S.A. Managing Board

Person Responsible for Financial Information

Frédéric Brunet

Head of Financial Communication and Investor Relations

Tel: +33 (0)1 40 66 42 59

9.2. 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.

For financial year 2014

Required disclosures in the Report of the Managing Board appearing on page 345, the consolidated financial statements are presented on pages 170 to 262 and the corresponding Auditors' Report is presented on pages 263 and 264 of the 2014 Registration Document filed with the *Autorité des Marchés Financiers* on 28 March 2015 under no. D. 15-0215.

For financial year 2013

Required disclosures in the Report of the Managing Board appearing on page 484, the consolidated financial statements are presented on pages 282 to 386 and the corresponding Auditors' Report is presented on pages 280 and 281 of the 2013 Registration Document filed with the *Autorité des Marchés Financiers* on 02 April 2014 under no. D. 14-0269.

Date of latest financial information

31 December 2015

9.3. DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents are available on the website of the Company (www.psa-peugeot-citroen.com):

- the present 2015 Registration Document filed with the *Autorité des Marchés Financiers* as an Annual Report;
- financial press releases;
- By-laws of Peugeot S.A.;
- historical financial information for Peugeot S.A. and its subsidiaries;
- full year results 2015 presentation.

Documents and information concerning the Company can be also requested at the Company's registered office located at 75, avenue de la Grande-Armée, 75116 Paris.

9.4. PERSONS RESPONSIBLE FOR AUDITING THE ACCOUNTS

9.4.1. 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: Ordinary Shareholders' Meeting of 31 May 2011

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

MAZARS

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

Jérôme de Pastors and Jean Louis Simon

61, rue Henri Regnault

92400 Courbevoie (Hauts-de-Seine)

Date of first appointment: Ordinary Shareholders' Meeting of 25 May 2005

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

9.4.2. Alternate Statutory Auditors

SOCIÉTÉ AUDITEX

1-2, place des Saisons

92400 Courbevoie – Paris-la Défense 1

Date of first appointment: Ordinary Shareholders' Meeting of 31 May 2011

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

PATRICK DE CAMBOURG

61, rue Henri Regnault

92400 Courbevoie (Hauts-de-Seine)

Date of first appointment: Ordinary Shareholders' Meeting of 25 May 2005

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

9.4.3. Fees paid to the Statutory Auditors

The Statutory Auditors' fees and those of their network are shown in Note 20 to the consolidated financial statements for 2015, Section 5.6, page 253.

9.5. CROSS-REFERENCE TABLES

9.5.1. 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 the Group and the Parent Company as 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 Group's or the Parent Company's Management Report to the corresponding pages of the Registration Document.

Section	Registration Document Section	Pages
Business review/Results/Financial position and performance indicators	1.1. Key figures	4 and 5
	1.4. Activities and strategy	9 to 19
	4.1. Analysis of the business and consolidated operating results	146 to 149
	4.2. Financial position and cash	150 and 151
	4.3. Parent company results	152 and 153
	5. Consolidated financial statements for 2015	164 to 259
	6. Financial statements of Peugeot S.A. 2015	262 to 283
The Company's use of financial instruments, where material for the assessment of its assets, liabilities, financial position and profit or loss	5. Consolidated financial statements for 2015 (Notes 12 and 13)	213 to 243
Description of the main risks and uncertainties	1.5. Risk factors	20 to 30
Material acquisitions of equity interests in companies with their head office in France	5. 2015 Consolidated financial Statements (Note 21: list of consolidated companies)	254 to 259
Subsequent events/Outlook	4.6. Recent events and outlook 5. Consolidated financial statements for 2015 (Note 19 – Subsequent events) 6.4 Consolidated financial statements of Peugeot S.A. (Note 29)	161 and 162 252 281
Dividends paid over the past three years	7.4. Corporate financial instrument markets – Dividends	301
Exposure to interest-rate, currency and equity risks	1.5.2. Risk factors – Financial market risks 5. Consolidated financial statements for 2015 (Note 13.5)	25 238 to 242
Purchases and sales of Company shares	5. Consolidated financial statements for 2015 (Notes 15.1.C Treasury shares) 7.2.8. Description Of Buyback Programme	248 295
Compensation of corporate officers	3.4. Compensation of corporate officers 5. Consolidated financial statements for 2015 (Note 7.3 Management compensation)	132 to 144 199
Trading in the Company's shares by management	3.1.3. Trading in the Company's shares by management and those related to them	118
Main functions and directorships held by corporate officers	3.1. Management and supervisory bodies	106 to 116
Arrangements which may have a bearing in the event of a takeover bid	7.2. Information about the Company's share capital 7.3. Ownership structure	292 to 295 296
Ownership structure	7.3. Ownership structure	296 to 298
Adjustments to the rights of holders of share equivalents	5. Consolidated financial statements for 2015 (Note 7.2 Share-based payment, Note 12.6.B Characteristics of convertible bond issues (OCEANES) 7.2. Information about the Company's share capital 7.3. Ownership structure	198 and 199 292 to 295 296 to 298
Social responsibility and environmental information	2. Corporate responsibility: sustainable development initiatives	31 to 104
Research and development activities	4.5. Capital expenditure and Research & Development	154 to 161
Agreements signed between a subsidiary and a shareholder owning over 10% of its voting rights	4.3. Executive management statement	152 and 153
Information on supplier payment terms	4.3. Executive management statement	153

Section	Registration Document Section	Pages
Appendices		
Table of authorisations to issue new shares and share equivalents	7.2.7 Authorisations in effect	294
Peugeot S.A. five-year financial summary	6. Financial statements of Peugeot S.A.	283
Report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures	3.2. Report of the Chairman of the Supervisory Board	119 to 130

9.5.2. Cross-reference table on the Annual Financial Report

Information required in the Annual Financial Report	Pages
Statement by the person responsible for the Annual Financial Report	**328**
Report of the Managing Board	
Analysis of profits and losses, financial position and risks of the parent company and the consolidated Group (Article L. 225-100 and L. 225-100-2 of the French Commercial Code)	20 to 29; 146 to 162
Information on the capital structure and elements that may have a bearing on a takeover bid (Article L. 225-100-3 of the French Commercial Code)	292 to 298
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9.5.3. Cross-reference table on the minimum disclosure requirements listed in Annex 1 of European Commission Regulation (EC) 809/2004

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