



SUPPLEMENT TO THE SUSTAINABLE
DEVELOPMENT AND ANNUAL REPORT

2008
PERFORMANCE INDICATORS

2008 Sustainable Development Performance Indicators

This supplement to the Sustainable Development and Annual Report covers the economic, environmental, social, societal and governance aspects of the PSA Peugeot Citroën Group's sustainable development performance in 2008.

Additional information about PSA Peugeot Citroën's corporate responsibilities, the impact of its operations and the programmes undertaken to address these issues may be found on the Group's sustainable development website (<http://www.sustainability.psa-peugeot-citroen.com/>).

Taken together, these publications make up PSA Peugeot Citroën's sustainable development reporting for 2008.

Methodology

For the third straight year, the Group's reporting follows the third generation (G3) Sustainability Reporting Guidelines issued by the Global Reporting Initiative in October 2006. According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of its 2008 sustainable development reporting based on the GRI G3 guidelines results in a self-declared B+ application level.

Audit

PricewaterhouseCoopers, PSA Peugeot Citroën's Statutory Auditors, has expressed moderate assurance on the Group's procedures for compiling:

- Environmental data from its plants, offices and other sites.
- Social data from the entire Group, except Faurecia.

The 2008 environmental and social data are shown in the tables and charts published in the "Environment" and "Social and Society" chapters of this supplement, with the exception of section 4.6 ("Social Responsibility").

Contacts

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OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Message from the Chairman

Message from the Chairman

Excerpt from an interview with the Chairman, published in the 2008 Sustainable Development and Annual Report

Philippe Varin came to PSA Peugeot Citroën on 15 April 2009 and became Chairman of the Managing Board on 1 June. He shared his first impressions of the Group in the Sustainable Development and Annual Report.

[...] Speaking of the environment, there is a huge focus in our society today on the automobile.

Clearly, climate change is a major challenge for the automobile industry. PSA Peugeot Citroën is Europe's leading manufacturer of low CO₂ emission vehicles, and that's a strength for us as we move forward. We need to maintain our focus and pursue our work in this area to enhance our position in increasingly competitive markets. We intend to have post-oil products and solutions ready before our customers know they want them.

Is PSA Peugeot Citroën well equipped to weather the crisis?

I have absolutely no doubts that the Group will be able to emerge from the crisis even stronger than before - otherwise I wouldn't have accepted this job. But to achieve this ambition, we'll first have to make it through the crisis, restore our financial leeway and ask ourselves the right strategic questions.

How do you intend to motivate your workforce?

I believe in management based on respect, two-way communication and trust. For me, it's extremely important that all our team members share in our vision for the future and that this vision has meaning. Our teams love what they do and they have exceptional skills. They need to know, in practical terms, what they can do to make PSA Peugeot Citroën a success. We will set ambitious targets, based on continuous benchmarking, and I will report on the results regularly, both in-house and in public.



The entire interview is available in the 2008 Sustainable Development and Annual Report, pp. 6-7.





Sustainable development approach

PSA Peugeot Citroën is actively developing and implementing real-world solutions to support sustainable mobility.

In its role as a carmaker, the Group has identified **three major challenges** stemming from the automobile's lifecycle impact on the environment and the community:

- The greenhouse effect.
- Road safety.
- Urban mobility.

The Group is also committed to being a responsible corporate citizen. To this end, it has deployed a continuous improvement programme with **ten sustainable development objectives** for 2010-2011. These objectives guide team members' actions with regard to the environment, social responsibility, governance and the community.

▶ PSA Peugeot Citroën's 10 Sustainable Development Objectives

In 2008, PSA Peugeot Citroën defined ten objectives for 2010-2011 to guide employee actions in each of its areas of responsibility.

Chances of success were also defined, based on three levels: Confident, Uncertain, Risky.

To meet the ten sustainable development objectives, a variety of priority actions have been implemented.

ENVIRONMENT

Area	Objective	Target	Chance of success	Priority Action	2008 Achievements	Progress towards completion
1 - CO ₂ emissions	Continue to be the leading producer of low-emission vehicles	2 million vehicles emitting less than 120g of CO ₂ /km sold between 2007 and 2010	Confident	1.1. Continue to launch highly fuel-efficient vehicles	<ul style="list-style-type: none"> • With 554,343 low-emission vehicles sold in 2007 and 570,181 in 2008, we are well on the way to exceeding the two million target. 	2007-2010: Ongoing
				1.2. Introduce a diesel hybrid	<ul style="list-style-type: none"> • Strategic partnership formed with Bosch. • Hybrid models unveiled at the 2008 Paris Motor Show: Peugeot Prologue HYbrid4, Citroën Hynos, Citroën C4 and Peugeot 308 HDi hybrids, Peugeot 908 HYbrid2, C4 WRC Hybrid and Peugeot RC HYbrid4. 	2006-2011: Ongoing
				1.3. Promote the use of alternative fuels around the world	<ul style="list-style-type: none"> • Introduction of a multi-purpose 1.6-litre CNG engine in China and the Middle East. • Biofuels: sustained development of biofuel-capable cars. Our entire model range can run on a 30% biodiesel blend or a 10% ethanol-petrol blend. Vehicles burning ethanol-based E85 fuel are being marketed in Brazil and Sweden. 	2007-2009: Ongoing
2 - Eco-design	Sharply increase the proportion of green materials* in Peugeot and Citroën vehicles	Raise the share of green materials to 20% of polymers contained in a vehicle in 2011	Confident	2.1. Become a leader in the use of green materials	<ul style="list-style-type: none"> • Implementation of the Green Materials plan: <ul style="list-style-type: none"> – Each vehicle project has a contractual objective for the use of green materials. – Procurement policies have been defined and for each part, suppliers are now asked to submit an equivalent part made of green materials. • Start-up of the collaborative MATORIA project designed to develop injection plastics made from renewable feedstocks and suitable for automotive applications. 	2007-2011: Ongoing

* Recycled organic materials, natural materials, polymers not coming from the petrochemical sector.

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Sustainable development approach



ENVIRONMENT

Area	Objective	Target	Chance of success	Priority Action	2008 Achievements	Progress towards completion
3 - Environmental management	Reduce the average energy used per vehicle produced in our manufacturing facilities	2.1 MWh/car in 2010	Confident	3.1. Reduce energy use in vehicle production	<ul style="list-style-type: none"> Total energy use declined by 6% in 2008, reflecting not only the impact of energy savings programmes but also the sharp falloff in production in the final quarter. This situation led to a slight 3% increase in energy use per vehicle produced. The target of 2.1 MWh/vehicle by 2010 is still within reach, however, assuming output returns to normal levels. Energy savings programmes included optimising heating in production and non-production facilities, optimising paintshop airflows, temperature and humidity, applying shutdown procedures, and replacing the boilers at the Rennes plant. Sustained application of the second energy project contract, with the extension of energy audits to all of the major production plants and continued deployment of standard management practices. 	2007-2010: Ongoing
				3.2. Modernise the environmental reporting system to align it with the Group's improvement needs	<ul style="list-style-type: none"> The ORGE environmental reporting system has been successfully deployed and is now being used as the standard reporting tool by environmental compliance officers. Compared with the previous database, it is more interactive and makes it easier to share environmental information among the plants. In addition, a new reporting system has been developed and installed for Gefco and the Peugeot and Citroën dealer networks. 	2006-2008: Completed
				3.3. Extend ISO 14001 standards to improve assessment of the Group's environmental footprint	<ul style="list-style-type: none"> Following deployment of new procedures for identifying Significant Environmental Aspects at our production units in Europe, feedback has been completed in Spain and Portugal. The procedures are scheduled for rollout in the Mercosur countries in the first quarter of 2009. 	2006-2008: Completed



SOCIAL RESPONSIBILITY

Area	Objective	Target	Chance of success	Priority Action	2008 Achievements	Progress towards completion
4 – Social responsibility	Extend PSA Peugeot Citroën's social responsibility commitment worldwide		Confident	4.1. Deploy PSA Peugeot Citroën's Global Framework Agreement on Social Responsibility	<ul style="list-style-type: none"> The second annual review was presented to the European Works Council in June. 97.5% of employees are represented by independent unions or employee representatives (versus 97% in 2006). Nearly 86% of the three priority action plans defined in June 2007 have been completed, for a total of 243 actions of the 282 in the plans. 302 priority actions were defined in June 2008 for the Agreement's third year of application. 	2007-2009: Ongoing
				4.2. Make workplace safety everyone's business	<ul style="list-style-type: none"> The New Safety Dynamic programme is underway in production plants and office facilities. Safety processes have been integrated into the PSA Production System. Training in a proactive risk-assessment method is being offered. The lost-time incident frequency rate for the entire Group, excluding Faurecia and Gefco, was 3.43 in 2008, versus a target of 3.0. It was 3.72 in 2007 and 3.41 in 2006. 	2007-2008: Extended
				4.3. Guarantee gender equality in career development	<ul style="list-style-type: none"> The Group's joint labour-management Gender Equality Commission met twice during the year, while a number of site Gender Equality Commissions also held meetings. The Gender Equality Agreement application handbook was distributed. In March, French quality standards agency AFAQ AFNOR Certification renewed the Group's Equal Opportunity Employer Label In March, PSA Peugeot Citroën signed the French government's Working Parents Rights Charter. 	2008: Completed
				4.4. Ensure equal career development opportunities for older employees, the disabled and non-French employees	<ul style="list-style-type: none"> A new "Managing Diversity" training module was introduced and a best practices guide was distributed. The impact of the Diversity Agreement was reviewed three years after launch. On 6 October 2008, an amendment was signed with six French unions renewing the corporate Diversity and Social Cohesion Agreement. PSA Peugeot Citroën was awarded the AFNOR seal of diversity in France. 	2007-2008: Completed

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Sustainable development approach



GOVERNANCE

Area	Objective	Target	Chance of success	Priority Action	2008 Achievements	Progress towards completion
5 – Supplier responsibility	Deploy the supplier guidelines concerning PSA Peugeot Citroën's social and environmental responsibility standards	Involve the top 500 suppliers in the process by 2010	Confident	5.1. Get suppliers involved in a sustainable development process	<ul style="list-style-type: none"> The number of suppliers involved in the process has doubled, to 305, and at year-end 71% of global standard parts procurement was covered by supplier agreements. Several awareness building and training programmes have been conducted with suppliers. Sustainable development issues are continuing to be actively integrated into our purchasing processes. Self-assessment questionnaires sent to suppliers and initial audits conducted. 	2004-2010: Ongoing
6 – Socially responsible investing	Make sure PSA Peugeot Citroën is included in the major SRI indices	Three major international indices	Confident	6.1. Maintain PSA Peugeot Citroën's presence in the ASPI Eurozone and FTSE4good indices and be selected for the DJSI	<ul style="list-style-type: none"> The Group is included in two indices, ASPI Eurozone (Vigéo) and FTSE4Good (EIRIS). The Group was not included in the DJSI (SAM) in 2008. PSA Peugeot Citroën was awarded Silver Class status in the 2009 Sustainability Yearbook published by SAM and PWC. 	2008-2010: Ongoing
7 – Stakeholder dialogue	Lead constructive dialogue with civil society representatives		Confident	7.1. Identify our stakeholders and organise discussion meetings	<ul style="list-style-type: none"> Contacts have been forged or maintained, and informal meetings have been organised. A working meeting on the Group's CO₂ reduction commitments was organised with five environmental NGOs. The Peugeot Carbon Sink Scientific Steering Committee met during the year. Group representatives participated in several public roundtable discussions with French NGOs, concerning such issues as ISO 26000, socially responsible communication and cars and the environment. 	2008-2010: Ongoing



SOCIETY

Area	Objective	Target	Chance of success	Priority Action	2008 Achievements	Progress towards completion
8 - Road safety	Broadly deploy telematics services to improve user safety	One million enabled vehicles on the road in 10 European countries by 2011	Confident	8.1. Promote the emergency call system as a new source of traffic information	<ul style="list-style-type: none"> 640,000 vehicles were equipped with the emergency call system by year-end 2008. To share the data collected during emergency calls and requests for assistance, upgrades are being developed to manage calls at the emergency and assistance call centre run by IMA, Mondial and AXA Assistance. 	2005-2009: Ongoing
				8.2. Enhance the effectiveness of programmes to raise awareness of road safety in France	<ul style="list-style-type: none"> 12 French production facilities and office sites led road risk awareness building programmes for employees, their children and the host community, comprising safe driving courses, free tyre and headlight inspections, brochures, exhibits, events, driving simulators and drunk driving tests. The initiatives were carried out in partnership with academia and organisations like the MACIF insurance company, local fire brigades and the Prévention routière road safety association. 	2007-2008: Completed
				8.3. Help to improve road safety in China	<ul style="list-style-type: none"> A semi-permanent road safety exhibit was set up at the Beijing Science and Technology Museum. The Group helped to design a travelling road safety exhibition for kindergarten and primary school children. The Group organised a road safety advertising contest in cooperation with the Ministry of Health's Centre for Disease Control. 	2007-2009: Ongoing
9 - Urban mobility	Finance innovative mobility solutions		Confident	9.1. Support the emergence of innovative mobility solutions to facilitate social integration	<ul style="list-style-type: none"> IVM is focusing on mobility as a factor in access to jobs, particularly for less skilled individuals. Three books were published. 	2007-2008: Completed
				9.2. Support associations promoting the mobility of people in social difficulty	<ul style="list-style-type: none"> The Group lent or donated vehicles to a number of French associations that help people in physical difficulty, including Les petits centaures, Escapade, Fondation Claude Pompidou, Relais enfants-parents, the French telethon and Sidaction. 	2007-2009: Ongoing
10 - Customer respect	Implement the PSA Peugeot Citroën Responsible Communications Charter		Confident	10.1. Formally integrate sustainable development values in consumer advertising	The Responsible Communications Charter was distributed to operating teams and the advertising approval process was formalised. PSA Peugeot Citroën's process was one of the best practices cited by France's Union des Annonceurs.	2007-2008: Completed



The ten objectives and the priority action plans have been published on our sustainable development website.

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Benchmarks and commitments

Organisation

The Group's sustainable development policy and management system are an integral part of its corporate governance. In May 2003, PSA Peugeot Citroën created a Sustainable Development Department that coordinates the Group's sustainable development approach,

leverages an internal network of experts from all departments, leads this network through a Sustainable Development Commission and reports to the Executive Committee.

Benchmarks and commitments

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

- International Financial Reporting Standards (IFRS) for accounting;
- ISO 9001 for quality.
- ISO 14001 for the environment.
- The third generation (G3) Sustainability Reporting Guidelines issued by the Global Reporting Initiative for reporting.
- The Global Compact for ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. PSA Peugeot Citroën joined the Global Compact and committed to these principles in 2003.

In addition, the Group has developed its own benchmarks and guidelines in the following areas:

- Social responsibility: Code of Ethics and a Global Framework Agreement on Social Responsibility signed with the International Metalworkers' Federation (IMF) and the European Metalworkers' Federation (EMF) in March 2006.

- Purchasing: PSA Peugeot Citroën's requirements regarding social and environmental responsibility with respect to its suppliers.
- Responsible marketing and advertising: Responsible Communications Charter.

In France, PSA Peugeot Citroën is a member of Comité 21 (French Committee for the Environment and Sustainable Development) and ORSE (French study centre for corporate social responsibility). In addition, the Group's Sustainable Development Representative is Vice Chairman of C3D, a professional association of sustainable development directors.

In 2008, the Group participated in the French working group studying ISO 26000 as part of the French Standards Organisation's (AFNOR) commission on sustainable development and corporate social responsibility.

Lastly, PSA Peugeot Citroën has been a member of the China Business Council for Sustainable Development (CBCSD) since March 2006.





Stakeholders and their expectations

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

Stakeholder	Sustainable Development Dimension	Relations with stakeholders
Customers	Economic/Society	Peugeot and Citroën are in constant contact with consumers through their dealership networks and customer care departments.
Employees	Social	The Group's employees are divided among three main divisions: Automobile, Transportation & Logistics and Automotive Equipment. Their talent is one of the Group's main assets.
Employee representatives	Social	Internal employee representatives belong to trade unions in all of the Group's host countries. Employees across Europe are represented by the Group Works Council, which is involved in contract negotiations. An expanded Council includes members from Brazil and Argentina.
Shareholders	Economic	PSA Peugeot Citroën is supported by a stable shareholder base, with the Peugeot family holding a majority interest. The Group nurtures a meaningful dialogue with shareholders through numerous meetings with investors.
Dealership networks	Economic	Peugeot and Citroën dealers are selected on the basis of a risk analysis that includes ethical issues. The goal is to forge a long-term relationship based on mutual understanding and trust.
Suppliers	Economic	PSA Peugeot Citroën takes its suppliers' skills into account when designing and deploying its strategy on the basis of lasting, transparent relations.
Cooperation projects	Economic	PSA Peugeot Citroën partners with other carmakers to jointly develop and produce vehicle platforms and systems. These cooperation projects make it possible to share investment costs, broaden the offer and leverage each partner's technical expertise and corporate culture.
Other carmakers	Economic	PSA Peugeot Citroën works with other carmakers within the European Automobile Manufacturers' Association (ACEA) and national associations in its host countries.
Consumer associations	Society	Each country has its own consumer associations with whom Peugeot and Citroën communicate as much as possible.
Rating agencies	Economic/Social	The Group communicates as much as possible with financial and SRI rating agencies to highlight its actions, to measure the progress achieved by its sustainable development policies and to adjust them if necessary to meet changing expectations.
NGOs and associations	Social/Environment/Society	The Group meets regularly with NGOs and other associations to discuss the challenges facing its business, notably the greenhouse effect, road safety and urban mobility. The Group responds to all comments from NGOs in a spirit of transparency, openness and constructive dialogue.
Institutions	Economic/Social/Environment/Society	PSA Peugeot Citroën has regular contacts with European and international institutions, as well as with French authorities, to present its business imperatives and address the environmental and societal issues that come under its responsibility as a carmaker.



Sustainable Development Objective no. 7

Lead constructive dialogue with civil society representatives.

- Priority action no. 7.1 (2008-2010) – Identify our stakeholders and organise discussion meetings.



The 10 sustainable development objectives and the results of 2008 priority actions are presented in detail in the section entitled "Sustainable Development Approach".

Sustainable development reporting

The Group reports on its sustainable development performance annually on the basis of operating indicators. The audited results are presented in the 2008 Sustainable Development and Annual Report, this supplement and on our dedicated website.

PSA Peugeot Citroën published its first integrated Sustainable Development and Annual Report in 2008. The Group decided to include information on its sustainable development policy, achievements and performance indicators to demonstrate the importance of sustainable development in its overall strategy, as well as its commitment to giving all stakeholders easy access to the data.

This report concerns the economic, social and environmental performance of fully consolidated PSA Peugeot Citroën companies. For the fifth year in a row, the Group's reporting follows the Sustainability

Reporting Guidelines issued by the Global Reporting Initiative, with the goal of continuously improving transparency. The third generation (G3) guidelines have been applied for the past three years. According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of its 2008 sustainable development reporting based on the GRI G3 guidelines results in a self-declared B+ application level.

The information in this supplement complies with French corporate governance legislation ("NRE" Act), as described in the Registration Document.

All of the information concerning Faurecia, a listed company, may be found in its annual report.

► Scope of reporting

Indicator scope and consolidation methods are described at the beginning of each section, or, as appropriate, with the indicator concerned.

Reporting plants and facilities are listed on page 55 of the Sustainable Development and Annual Report.

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

- TPCA, located in Kolín in the Czech Republic, in cooperation with Toyota Motors.
- DPCA, located in Wuhan and XiangFan, Hubei Province, China, in cooperation with DongFeng Motor Corp.
- Sevelnord, located in Hordain, France, in cooperation with Fiat.
- Sevelsud, located in Val di Sandro, Italy, in cooperation with Fiat.
- Française de Mécanique, located in Douvrin, France, in cooperation with Renault.

In these joint ventures, PSA Peugeot Citroën exercises its role as shareholder and industrial partner in a commitment to supporting each one's long-term development. As part of this process, it maintains regular dialogue on environmental and social issues. All the plants have earned ISO 14001 certification, for example. In 2006, the Group agreed to present its Global Framework Agreement on Social Responsibility to its industrial partners, thereby encouraging them to apply the international ILO conventions on which the Agreement is based.

Depending on the management structure adopted with the industrial partner, the joint venture report on their social and environmental performance at different levels.

In 2007, at PSA Peugeot Citroën's initiative and with the agreement of co-shareholder Dongfeng Motor Corp., DPCA published its first sustainable development report - the first such report ever prepared by a carmaker in China. The report was updated in 2008 and 2009.



▶ Period under review

The first PSA Peugeot Citroën Sustainable Development Report was published in 2004 with data as of 31 December 2003. Since 2005, each year's report, based on prior-year data, has been posted online in May. Information and indicators in this supplement are based on data as of 31 December 2008, to which several first-quarter 2009 highlights have been added.

Most of the indicators are presented with comments explaining any changes in their scope of reporting or calculation method.

▶ Audit

The methods for compiling the social and environmental data from Group production plants, Peugeot and Citroën sales subsidiaries and Gefco, as well as the Faurecia environmental indicators published in this Report, have all been checked by PricewaterhouseCoopers, an

independent audit firm. Their review of the processes used to collect and compile the Report's social and environmental data is available in its entirety at the end of this supplement.

Presence in indices; awards and distinctions received

▶ Presence in indices

A number of SRI indices, including FTSE4Good, ASPI Eurozone and the Ethibel Excellence Index, have included PSA Peugeot Citroën in recognition of its sustainable development performance.

In addition, PSA Peugeot Citroën was awarded Silver Class status in the 2009 Sustainability Yearbook published by SAM and PricewaterhouseCoopers.



FTSE4Good
Environmental Leader

EthiFinance is the French agency that rates PSA Peugeot Citroën and submits its research and analysis to EIRiS, which supplies data for the FTSE4Good index.



The ASPI Eurozone® (Advanced Sustainable Performance Indices) selects the 120 best rated listed companies in the euro-zone on the basis of Vigeo's corporate social responsibility ratings.



The Excellence Register comprises the stocks selected by Forum Ethibel, based on Vigeo research. It serves as the basis for the Ethibel Excellence index.



Published by SAM and PricewaterhouseCoopers, the Sustainability Yearbook 2009 describes the challenges and opportunities in each industry, based on comparative environmental, economic and social criteria, and bestows SAM Gold Class and Silver Class distinctions on the best-in-class companies (Sector Leaders).

The Group has responded to both the Carbon Disclosure Project Questionnaire and the Carbon Disclosure Project SCLC Questionnaire. Its responses may be viewed on the Carbon Disclosure Project website.

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Presence in indices; awards and distinctions received



Sustainable Development Objective no. 6

Make sure PSA Peugeot Citroën is included in the major SRI indices.

Target: Three major international indices.

- Priority action no. 6.1 (2008-2010) – Maintain PSA Peugeot Citroën's presence in the ASPI Eurozone and FTSE4good indices and be selected for the DJSI.



The 10 sustainable development objectives and the results of 2008 priority actions are presented in detail in the section entitled "Sustainable Development Approach".

▶ The Group's distinctions and outstanding performance

Our sustainable development performance is illustrated by the following achievements:

- In 2008, more than one million vehicles emitting less than 140g CO₂/km were sold in Europe for the second year in a row.
- According to the ranking prepared in 2009 by France's Agency for the Environment and Energy Management (ADEME), PSA Peugeot Citroën leads the 2008 European market in corporate average CO₂ emissions, at 140g/km.
- All of our production sites are certified to ISO 14001 standards.
- We are the first carmaker to deploy a wide-scale emergency call system.
- 13 of our vehicles have scored a maximum five stars for adult protection in Euro NCAP crash tests.
- 95% of our new vehicles' average weight can be recovered through recycling and heat recovery.

- French quality and standards organisations AFAQ/AFNOR have renewed our Professional Equality Label. PSA Peugeot Citroën was the first company to receive the distinction from France's Ministry of Gender and Professional Equality in 2005.
- The Group has also been awarded the newly created Diversity Label by AFAQ/AFNOR.



1



ECONOMIC PERFORMANCE

1.1 Shareholders	18	1.3 Suppliers	26
1.1.1 Ownership structure and form of incorporation	18	1.3.1 Global purchases	26
1.1.2 Payments to capital providers	20	1.3.2 Purchasing by country and local content	27
1.2 Customers	22		
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ECONOMIC PERFORMANCE

1.1 Shareholders | 1.1.1 Ownership structure and form of incorporation



Policies designed to generate direct economic value and distribute it among stakeholders are presented in the Sustainable Development and Annual Report, as well as on the “Our Responsibility” pages in the following sections of the sustainable development website:

- Our Shareholders;
- Our Clients;
- Our Suppliers;
- Communities.

1.1 Shareholders

1.1.1 Ownership structure and form of incorporation



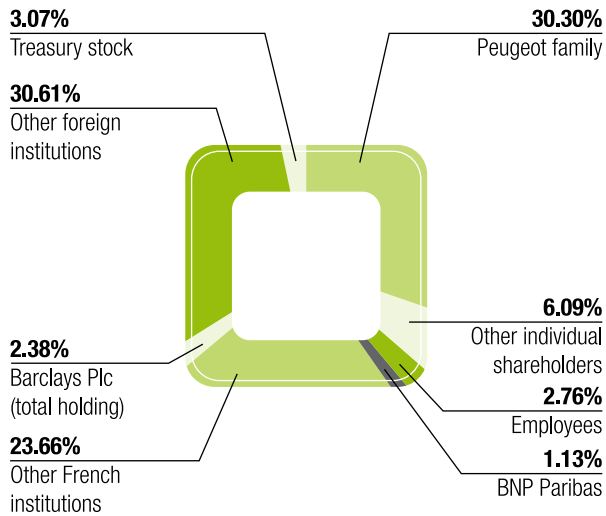
Most of the financial and business information may be found in the 2008 Registration Document.

► Ownership structure

	31 December 2006			31 December 2007			31 December 2008		
	Shares outstanding	% interest	% of exercisable voting rights	Shares outstanding	% interest	% of exercisable voting rights	Shares outstanding	% interest	% of exercisable voting rights
Main identified shareholders									
Établissements Peugeot Frères	6,923,760	2.95	4.73	6,923,760	2.96	4.72	6,923,760	2.96	4.64
La Française de Participations Financières (LFPF)	12,156,000	5.18	6.98	12,156,000	5.19	7.33	12,156,000	5.19	7.64
Foncière, Financière et de Participations (FFP)	51,792,738	22.08	33.39	51,792,738	22.11	33.33	51,792,738	22.13	32.79
Comtoise de Participation	36,000	0.02	0.02	36,000	0.02	0.02	36,000	0.02	0.02
Peugeot family	70,908,498	30.22	45.12	70,908,498	30.27	45.40	70,908,498	30.30	45.10
Other individual shareholders	11,501,717	4.90	4.04	10,797,076	4.61	3.80	14,246,389	6.09	4.89
Employees	6,253,162	2.67	2.13	5,900,338	2.52	2.01	6,468,981	2.76	3.80
BNP Paribas	2,641,800	1.13	1.80	2,641,800	1.13	1.80	2,641,800	1.13	1.77
Other French institutions	46,629,058	19.87	15.91	41,207,290	17.59	14.04	55,383,993	23.66	18.56
Barclays Plc (total holding)	-	-	-	14,270,910	6.09	4.86	5,574,298	2.38	1.87
Other foreign institutions	90,149,556	38.42	30.99	82,456,672	35.20	28.09	71,636,625	30.61	24.01
Treasury stock	6,534,475	2.79	-	6,097,714	2.60	-	7,188,214	3.07	-
TOTAL	234,618,266	100	100	234,280,298	100	100	234,048,798	100	100

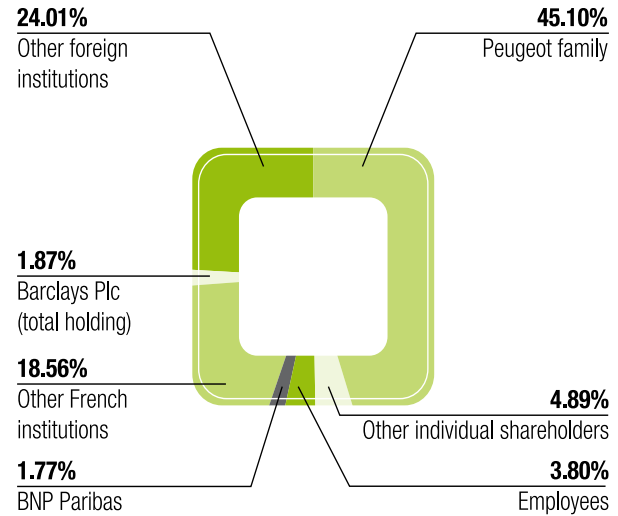
Shareholder structure

(At 31 December 2008)



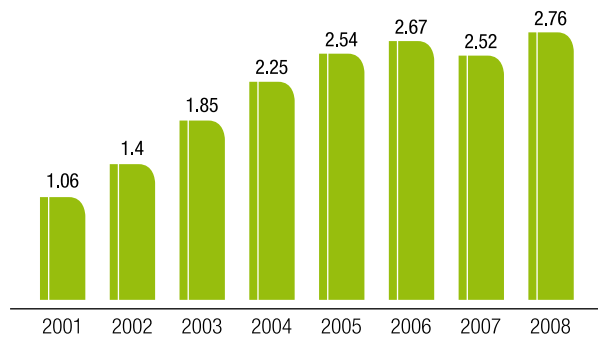
Exercisable voting rights, by shareholder

(At 31 December 2008)



Percentage of capital held by employees through employee shareholding plans

(In Germany, Spain, France, the United Kingdom and Portugal, at 31 December)



More than 46,700 employees or former employees are Peugeot S.A. shareholders.

Methodology

The main identified shareholders have been determined based on registered shares and notifications to the Company that disclosure thresholds had been crossed. Sources: Euroclear France and Phoenix Investor Relations.

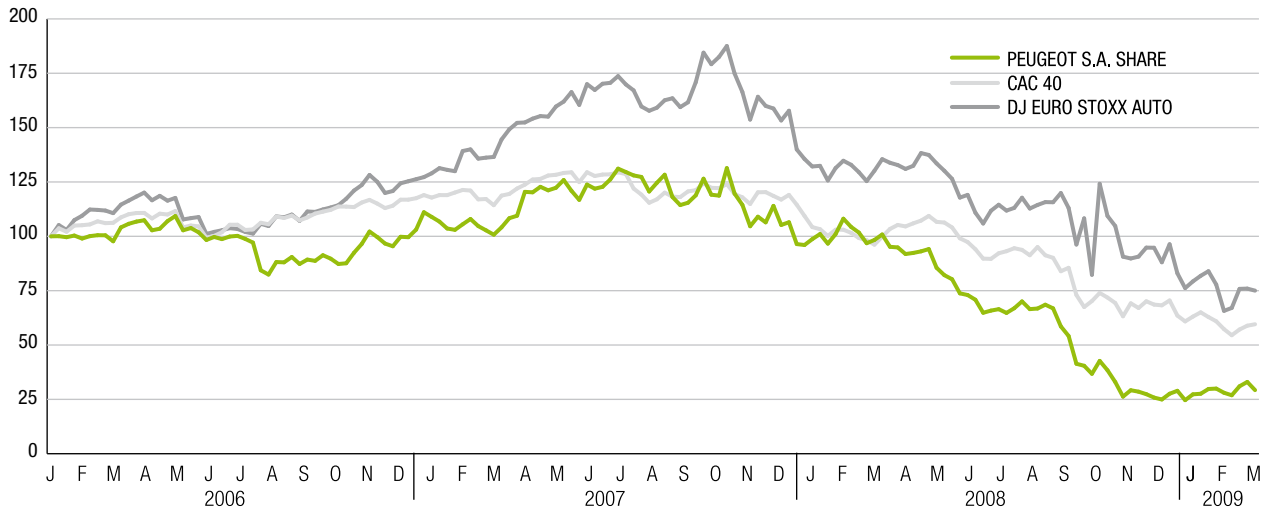
Each share entitles the holder to vote at the Annual Shareholders' Meeting. However, shares registered in the name of the same shareholder for at least four years carry double voting rights.

Percentages of voting rights are based on exercisable voting rights (i.e. not including rights attached to shares held in treasury). The breakdown of potential voting rights by shareholder is presented in section 18.1 of the 2008 Registration Document.

1.1.2 Payments to capital providers

▶ Performance of the Peugeot S.A. share versus the CAC 40 Index and the DJ Euro Stoxx Auto Index

(1 January 2006 to 30 March 2009, base 100)



The closing share price on 31 December 2008 was €12.15.



Track the Peugeot S.A. share price in real time at www.psa-peugeot-citroen.com

▶ Dividend history

	2006	2007	2008
Dividend per share (in euros)	1.35	1.50	0
Payout ratio	168.8%	39.7%	N/R

N/R: Not relevant

In light of 2008 results and the priority need to allocate financial resources to supporting the product plan, driving business development and strengthening the Group's cash position, shareholders at the

Annual Meeting on 3 June 2009 were asked to waive the payment of a dividend with respect to 2008.

▶ Total shareholder return (TSR)

(Total shareholder return on the Peugeot S.A. share, excluding tax relief)

TSR compared with 31 December of the year before		TSR compared with 31 December 1999	
31 December 2008	N/R	31 December 2008	N/R
31 December 2007	6%	31 December 2007	62%
31 December 2006	6%	31 December 2006	54%

N/R: not relevant

▶ Finance costs

(in € millions)	2006	2007	2008
Interest on other borrowings	(158)	(205)	(218)
Interest on bank overdrafts	(60)	(65)	(72)
Interest on finance lease liabilities	(14)	(17)	(20)
Foreign exchange gain/(loss) on financial transactions	3	5	(16)
Net gain/(loss) on hedges of borrowings*	11	(7)	(1)
Other	(16)	(17)	(16)
TOTAL	(234)	(306)	(343)

* Net gains/(losses) on hedges of borrowings correspond to the remeasurement of loans linked to interest rate changes and to the remeasurement of hedging instruments at fair value.

▶ Retained earnings

Information concerning the appropriation of 2008 profit for the year may be found in the third resolution submitted to shareholders at the

Annual Meeting, as presented in the Notice of Meeting. The Notice is available on the PSA Peugeot Citroën website.

1.2 Customers

1.2.1 Automobile sales

► Consolidated worldwide sales by region

(Total assembled vehicles and CKD units)

	2006	2007	2008
Western Europe	2,296,200	2,323,600	2,079,100
Peugeot	1,224,900	1,223,700	1,084,200
Citroën	1,071,300	1,099,900	994,900
Central and Eastern Europe	193,000	217,500	204,100
Peugeot	112,900	126,200	115,500
Citroën	80,100	91,300	88,600
Russia	29,400	37,200	59,200
Peugeot	16,100	26,300	48,300
Citroën	13,300	10,900	10,900
Latin America	215,100	266,000	263,300
Peugeot	155,400	181,200	166,400
Citroën	59,700	84,800	96,900
China	202,500	208,900	179,100
Peugeot	81,900	93,200	77,100
Citroën	120,600	115,700	102,000
Rest of the world	179,300	180,600	166,800
Peugeot	132,400	135,200	121,400
Citroën	46,900	45,400	45,400
Total assembled vehicles	3,115,500	3,233,800	2,951,600
Peugeot	1,723,600	1,785,800	1,612,800
Citroën	1,391,900	1,448,000	1,338,800
Total CKD units	250,400	194,600	308,800
Peugeot	236,200	181,200	291,400
Citroën	14,200	13,400	17,400
TOTAL ASSEMBLED VEHICLES AND CKD UNITS	3,365,900	3,428,400	3,260,400
Peugeot	1,959,800	1,967,100	1,904,100
Citroën	1,406,100	1,461,300	1,356,300

Figures have been rounded to the nearest 100.

▶ Passenger car and light commercial vehicle registrations in Western Europe by country

(PSA Peugeot Citroën unit sales and market share in Western Europe)

	2006		2007		2008	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
France	764,800	31.3	779,700	30.9	794,200	31.6
Germany	207,800	5.7	185,600	5.5	189,500	5.7
Austria	29,900	8.8	28,600	8.6	29,500	9
Belgium and Luxembourg	131,100	20.4	127,200	19.6	129,600	19.6
Denmark	36,500	16.6	39,300	18	32,600	17.8
Spain	375,800	19.7	363,200	19.2	254,300	19.1
Finland	15,400	9.4	13,000	9	12,400	7.9
Greece	26,400	9	27,800	9.1	21,200	7.3
Ireland	14,700	6.7	13,300	5.8	10,200	5.6
Iceland	700	3.9	500	2.8	200	2.4
Italy	242,500	9.5	269,500	9.8	235,400	9.9
Norway	13,700	9	16,300	9.3	12,600	8.6
Netherlands	66,600	12.1	71,200	12.1	74,600	12.8
Portugal	47,200	18.2	46,400	17.2	43,700	16.3
United Kingdom	280,900	10.5	286,000	10.4	237,200	9.8
Sweden	31,500	9.8	34,200	9.7	25,500	8.7
Switzerland	26,700	9.1	28,800	9.3	27,800	8.8
TOTAL WESTERN EUROPE (18 COUNTRIES)	2,312,200	13.8	2,330,600	13.8	2,130,500	13.8

Figures have been rounded to the nearest 100.

Worldwide sales by model

(Passenger cars and light commercial vehicles)

	2006	2007	2008
Peugeot			
107	98,600	104,400	106,500
1007	34,100	18,600	11,000
206	475,100	308,200	292,300
207	300,500	520,200	468,300
307	447,000	369,100	142,300
308	-	82,500	290,100
405	158,200	131,300	211,100
406	3,300	3,000	1,700
407	181,500	136,000	81,400
607	10,500	7,500	3,900
807	24,200	21,100	13,500
4007	-	6,300	13,700
Expert	33,100	43,600	39,900
Partner	148,500	160,700	147,600
Boxer	44,600	54,200	55,300
Bipper	-	400	25,100
Other	600	-	400
TOTAL	1,959,800	1,967,100	1,904,100
<i>Of which diesel-powered versions</i>	<i>914,400</i>	<i>951,600</i>	<i>877,900</i>
<i>Of which passenger cars</i>	<i>1,759,400</i>	<i>1,748,000</i>	<i>1,671,500</i>
<i>Of which light commercial vehicles</i>	<i>200,400</i>	<i>219,100</i>	<i>232,600</i>
Citroën			
C1	90,300	99,500	106,700
C2	103,900	94,900	67,100
C3	286,700	276,700	242,100
ZX	92,900	59,500	68,500
Xsara	183,500	119,200	76,000
C4	262,400	437,900	383,400
Xantia	11,300	10,400	14,100
C5	73,200	50,900	87,900
C6	7,100	7,600	2,800
C8	20,300	12,700	8,800
C-Crosser	-	6,600	12,300
Jumpy	33,800	38,700	39,500
C15	1,300	-	-
Berlingo	194,600	187,700	162,400
Jumper	44,800	58,600	54,000
Nemo	-	400	30,600
TOTAL	1,406,100	1,461,300	1,356,300
<i>Of which diesel-powered versions</i>	<i>759,200</i>	<i>835,600</i>	<i>788,900</i>
<i>Of which passenger cars</i>	<i>1,210,900</i>	<i>1,245,200</i>	<i>1,132,400</i>
<i>Of which light commercial vehicles</i>	<i>195,200</i>	<i>216,100</i>	<i>223,900</i>
TOTAL PSA PEUGEOT CITROËN	3,365,900	3,428,400	3,260,400
<i>Of which diesel-powered versions</i>	<i>1,673,600</i>	<i>1,787,200</i>	<i>1,666,800</i>
<i>Of which passenger cars</i>	<i>2,970,300</i>	<i>2,993,200</i>	<i>2,803,900</i>
<i>Of which light commercial vehicles</i>	<i>395,600</i>	<i>435,200</i>	<i>456,500</i>

Figures have been rounded to the nearest 100.

1.2.2 Revenue

► Consolidated net sales and revenue by business

<i>(in € millions)</i>	Automobile Division	Automotive Equipment Division	Transport and Logistics Division	Finance Division	Other businesses	Intersegment eliminations	TOTAL
2008 net sales and revenue							
- From sales to outside customers	41,621	9,532	1,365	1,651	187	-	54,356
- From intra-Group sales	22	2,479	2,171	437	89	(5,198)	-
2008 TOTAL	41,643	12,011	3,536	2,088	276	(5,198)	54,356
2007 net sales and revenue							
- From sales to outside customers	45,471	10,028	1,403	1,544	230	-	58,676
- From intra-Group sales	48	2,633	2,151	455	266	(5,553)	-
2007 TOTAL	45,519	12,661	3,554	1,999	496	(5,553)	58,676
2006 net sales and revenue							
- From sales to outside customers	43,035	9,199	1,272	1,396	283	-	55,185
- From intra-Group sales	122	2,450	1,973	365	370	(5,280)	-
2006 TOTAL	43,157	11,649	3,245	1,761	653	(5,280)	55,185

► Consolidated net sales and revenue by region

In the table below, sales and revenue are presented by destination of products sold, and capital expenditure and assets by geographic location of the subsidiary concerned.

<i>(in € millions)</i>	Western Europe	Central and Eastern Europe	Latin America	Rest of the world	TOTAL
2008					
Sales and revenue	41,429	4,314	3,617	4,996	54,356
Non-current assets excluding deferred tax assets and financial assets	16,332	1,028	707	346	18,413
2007					
Sales and revenue	45,821	4,047	3,377	5,431	58,676
Non-current assets excluding deferred tax assets and financial assets	16,807	1,066	610	316	18,799
2006					
Sales and revenue	43,805	3,159	2,760	5,461	55,185
Non-current assets excluding deferred tax assets and financial assets	17,493	1,054	483	366	19,396

Since 2008, sales and revenue in Turkey, previously reported in the “Rest of world” segment, have been included in the “Central and Eastern Europe” segment. This reclassification had the effect of

increasing sales and revenue in the “Central and Eastern Europe” segment by €579 million in 2007 and €377 million in 2006 compared with the originally reported amounts.

► Methodology

In order to better reflect the economic reality of the Group's business transactions, the accounting presentation of certain previously reported figures has been changed. These changes have not had any effect on recurring operating income or net profit, but they have led, among other things, to a reduction in Automobile Division sales and consequently in consolidated sales and revenue. Adjustments to financial information reported in prior years are described in section 20.3, note 2 to the consolidated financial statements in the 2008 Registration Document.

Detailed information on the breakdown of net sales and revenue by business and region may be found in section 20.3, notes 4.1 and 4.3 to the consolidated financial statements in the 2008 Registration Document.

PSA Peugeot Citroën is organised into five main business lines:

- The Automobile Division primarily encompasses the design, manufacturing and sale of Peugeot and Citroën brand passenger cars and light commercial vehicles.
- The Automotive Equipment Division corresponds to Faurecia, which manufactures vehicle interior modules, automobile seats, front-end modules and exhaust systems.

- The Transport and Logistics Division corresponds to Gefco, which provides end-to-end supply chain expertise and vehicle and freight transport services.
- The Finance Division corresponds to Banque PSA Finance, which provides retail and wholesale financing to Peugeot and Citroën customers and dealers.
- The other businesses include the operations of Peugeot S.A., the Group's holding company, and Peugeot Motorcycles.

1.3 Suppliers

1.3.1 Global purchases

▶ Total worldwide purchasing expenditure

(In Europe and Latin America)

<i>(in € billions)</i>	2006	2007	2008
Total	30.1	30.3	24.6
Of which standard parts	23.0	23.1	20.3

Standard parts used in vehicle manufacturing accounted for 82.5% of the total €24.6 billion in worldwide purchases in 2008.

In 2008, 50% of these parts and components were supplied by 18 companies: Arcelor Mittal, Autoliv, Bosch, Continental, Delphi, Faurecia, Gestamp Corporation, Koyo JTEKT, Lear, Magneti Marelli, Mecaplast, Michelin, ThyssenKrupp, Total, TRW, Valeo, Visteon and Wagon.

As of 1 January 2009, standard parts and components were sourced from 1,972 suppliers, of which 1,561 subsidiaries of 623 corporations and 411 independent companies.

In all, standard parts and components represent between 70 and 75% of a vehicle's average production cost.

▶ Supplier commitments

PSA Peugeot Citroën's social and environmental requirements have been extended to suppliers through guidelines published by the Purchasing Department and distributed to the 1,000 largest suppliers, who must formally pledge to comply with them. Together, these suppliers account for around 95% of the Group's worldwide purchases.

As of 31 December 2008, 71% of worldwide standard parts purchases were covered by a supplier agreement, compared with 43% a year earlier. Around 305 standard and non-standard parts suppliers are now involved in the process.

When a supplier is deemed "at risk," a self-assessment questionnaire is sent. Twenty questionnaires were sent out in 2008.

The Group has defined an audit procedure. Three pilot audits were performed in China in December 2008.

At the same time, a sensitivity campaign was conducted throughout 2008 to improve purchasing employee awareness of these issues. Quality auditors, for example, may report any violations of fundamental human rights.



Sustainable Development Objective no. 5

Deploy the supplier guidelines concerning PSA Peugeot Citroën's social and environmental responsibility requirements.

Target: Involve the top 500 suppliers in the process by 2010.

- Priority Action no. 5.1 (2004-2010): Get suppliers involved in a sustainable development process.

Objective: Get suppliers to embrace our social and environmental responsibility requirements and ensure effective compliance.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".



All of "PSA Peugeot Citroën's Requirements Regarding Social and Environmental Responsibility with Respect to its Suppliers" may be downloaded from the Group's business-to-business website.

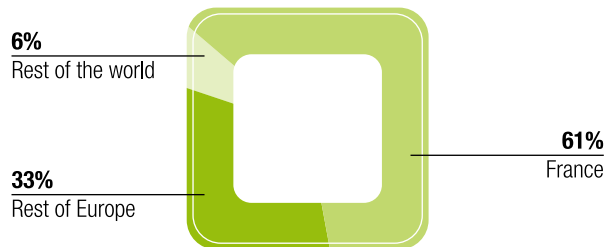


1.3.2 Purchasing by country and local content

▶ Standard parts production by region of origin

(Standard parts production by region of origin, as a percentage of 2008 standard/replacement parts purchasing expenditure. Europe: European Union)

French plants



Other European Union plants



▶ Local content

PSA Peugeot Citroën actively supports the local production of inputs for its manufacturing plants around the world.

In the Mercosur region, for example, an average 75% of the parts used at the Porto Real plant in Brazil are locally sourced in the region, while at the Buenos Aires, Argentina plant, local content varies between 60% and 75%.

▶ Methodology

Definition of local content

The percentage of local content corresponds to the amount of local purchases divided by the plant's total purchasing expenditure, including intra-Group deliveries (such as PSA Peugeot Citroën engines delivered to an assembly plant).

In Central Europe, 65% of purchases at the Kolin facility in the Czech Republic are locally sourced and local content (from Central and Eastern European countries) at the Trnava, Slovakia plant has increased to around 75% at end-2008 from 5% in 2005.

For example, the local region for the Trnava plant is Central and Eastern Europe, which, as defined by PSA Peugeot Citroën, comprises the following countries: Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

2

PRODUCTS

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PRODUCTS

2.1 Greenhouse effect | 2.1.1 Registrations by CO₂ emissions level



The environmental and social impacts of PSA Peugeot Citroën's products are described in the Sustainable Development and Annual Report and in the "Our Impacts" pages in the following subsections of the Environment section on the sustainable development website:

- Greenhouse Effect;
- Air Quality;
- Resource Use;

- Recycling.

Other aspects are presented in the "Our Responsibility" pages in the following sub-sections of the Corporate Citizenship section:

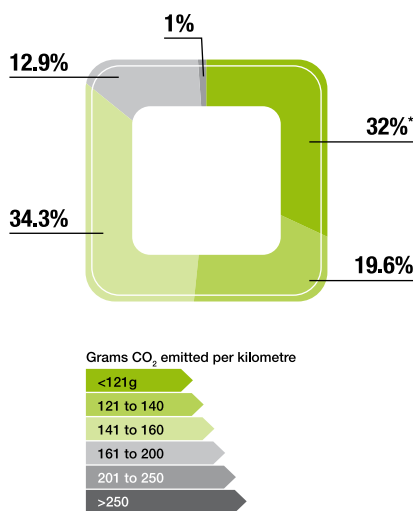
- Road Safety;
- Customers Relations;
- Urban Mobility.

2.1 Greenhouse effect

2.1.1 Registrations by CO₂ emissions level

▶ PSA Peugeot Citroën registrations by CO₂ emissions level

(Passenger cars, 2008 registrations in the 15-country Europe excluding Greece)



51.7% of Peugeot and Citroën vehicles sold in Europe in 2008 emit less than 140g CO₂/km, with the figure rising to 62.2% in France.

In the ranking prepared by France's Agency for the Environment and Energy Management (ADEME) and published in 2008, PSA Peugeot Citroën once again had France's lowest corporate average CO₂ emissions, with 140g/km per vehicle sold in the country.

In ADEME's 2009 rankings based on 2008 sales, the Group's corporate average stood at 135g/km in France and at a best-in-class 140g/km in Europe.

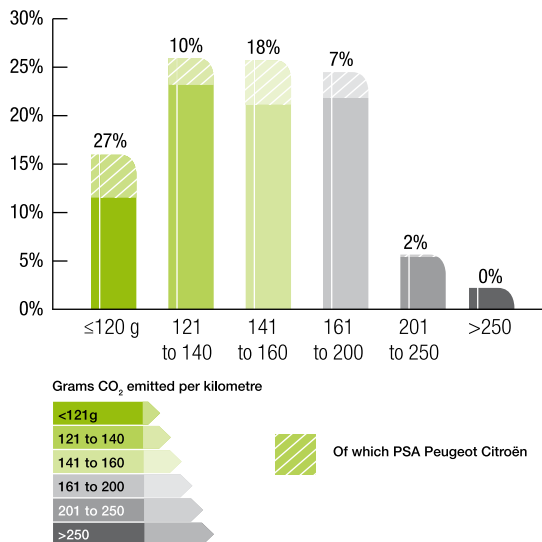
Thanks to these results, PSA Peugeot Citroën is the only carmaker to have honoured the commitment made by the European Automobile Manufacturers Association (ACEA) to the European Commission in 1998 to voluntarily reduce CO₂ emissions to 140g/km by 2008.

The results also reflect the Group's decision to focus on technological solutions applicable to mass-produced cars, which is the only way to have a real impact on the environment.

* Of which 11.4% emitting less than 110g CO₂/km

► Breakdown of the European automobile market by CO₂ emissions level

(Passenger cars, 2008 registrations in the 15-country Europe excluding Greece)



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO₂ emissions in 2008 highlights the Group's contribution to reducing new vehicle emissions in Europe.

For the third year in a row, the Group sold more than one million vehicles emitting less than 140g CO₂/km worldwide, with 1,161,000 units. Worldwide sales of vehicles emitting less than 130g CO₂/km rose by 7.4% to 921,000 units.

The Group is also the European leader in passenger vehicles emitting less than 120g/km, with 27% of the market in 2008, and in vehicles emitting less than 110g/km, with more than 44% of the market.



Sustainable Development Objective no. 1

Continue to be the leading producer of low-emission vehicles.

Target: 2 million vehicles emitting less than 120g of CO₂/km sold between 2007 and 2010.

- Priority action no. 1.1 (2007-2010) - Continue to launch highly fuel-efficient vehicles.

Objective: 2 million vehicles emitting less than 120g of CO₂/km sold worldwide between 2007 and 2010.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

► Methodology

Classifying vehicles by CO₂ emissions level

Vehicles have been classified into one of the seven emissions bands defined in the French government decree introducing automotive fuel efficiency and carbon emissions ratings.

Consommation de carburant et émission de CO₂

Marque PEUGEOT
Modèle 207
Version 1,6Hdi 16v 90ch
Énergie HDi

Consommation de carburant

Consommation mixte: **4,5** l/100 km
Consommation urbaine: 5,8 l/100 km
Consommation extra-urbaine: 3,3 l/100 km

CO₂ Le CO₂ (dioxyde de carbone) est le principal gaz à effet de serre responsable du changement climatique.

117 g/km

Émissions de CO₂ faibles

- Inférieures ou égales à 100 g/km **A**
- de 101 à 120 g/km **B**
- de 121 à 140 g/km **C**
- de 141 à 160 g/km **D**
- de 161 à 200 g/km **E**
- de 201 à 250 g/km **F**
- supérieures à 250 g/km **G**



Émissions de CO₂ élevées

La consommation de carburant et les émissions de CO₂ d'un véhicule sont fonction non seulement de son rendement énergétique, mais également du comportement au volant et d'autres facteurs non techniques. Les informations sur les consommations de carburant et les émissions de CO₂ de tous les modèles de voitures particulières neuves, contenues dans le guide de l'ADEME, peuvent être obtenues gratuitement dans tous les points de vente, auprès de l'ADEME et consultées sur le site internet: www.ademe.fr

2.1.2 Fuel efficiency and CO₂ emissions

► Fuel consumption and CO₂ emissions by vehicle, 2008

The models below were selected on the basis of their sales and environmental performance. For each one, the table shows data for the petrol and diesel versions offering the lowest CO₂ emissions and fuel consumption. Models in boldface are the best-selling petrol or diesel version in France.

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

PEUGEOT (2008)

	Fuel	Displacement	Horsepower	Consumption (l/100 km)			CO ₂
	P/D	cc	kW	City	Highway	Combined	g/km
Peugeot 107							
1.0 BVM	P	998	50	5.5	3.9	4.5	106
1.4 HDi	D	1,398	40	5.3	3.4	4.1	109
Peugeot 1007							
1.4 BVM	P	1,360	54	8.6	5.2	6.5	153
1.4 HDi	D	1,398	50	5.6	3.9	4.5	120
Peugeot 206 (Hatchback)							
1.4	P	1,360	55	8.8	5	6.4	152
1.4 HDi	D	1,398	50	5.4	3.7	4.3	112
Peugeot 207 (Hatchback)							
1.4	P	1,360	55	8.4	5	6.3	150
1.4 VTi	P	1,397	70	7.9	4.8	5.9	140
1.6 HDi	D	1,560	66	5.7	3.7	4.4	117
Peugeot 308 (Hatchback)							
1.4 VTi	P	1,397	70	9	5.2	6.5	155
1.6 VTi	P	1,598	88	9.3	5.2	6.7	159
1.6 HDi	D	1,560	66	5.8	3.8	4.5	120
1.6 HDi FAP	D	1,560	80	5.9	3.8	4.5	120
Peugeot 407							
2	P	1,997	103	11	6.4	8.6	192
1.6 HDi FAP	D	1,560	80	6.8	4.4	5.3	140
2.0 HDi FAP	D	1,997	100	7.5	4.7	5.7	150
Peugeot 407 (Coupé)							
2.2 BVM	P	2,230	120	13.1	6.9	9.2	219
2.0 HDi FAP	D	1,997	100	7.8	4.8	5.9	156
2.7 HDi BVA	D	2,720	150	11.9	6.5	8.5	225
Peugeot 4007							
2.2 HDi FAP	D	2,179	115	9.5	5.9	7.2	191
Peugeot 607							
3.0	P	2,946	155	14.9	7.5	10.2	242
2.0 HDi BVM FAP	D	1,997	100	8.1	5	6.1	160
2.7 HDi BVA FAP	D	2,720	150	11.6	6.6	8.4	223
Peugeot 807							
2.0 BVM	P	1,997	103	12	7.3	9	213
2.0 HDi	D	1,997	88	8.8	5.8	6.9	182
2.0 HDi FAP	D	1,997	100	9	6	7.1	188
Partner Tepee							
1.6	P	1,587	66	10.8	6.8	8.2	195
1.6 HDi	D	1,560	66	7	5	5.7	150
Expert Tepee							
2.0	P	1,997	103	13.3	8.2	10.1	241
1.6 HDi	D	1,560	66	8.4	6.6	7.2	191

PEUGEOT (MODELS/VERSIONS MARKETED IN FIRST-HALF 2009)

	Fuel	Displacement	Horsepower	City	Consumption (l/100 km)		CO ₂ g/km
	P/D	cc	kW		Highway	Combined	
Peugeot 3008							
1.6 VTi	P	1,598	88	9.8	5.6	7.1	165
1.6 HDi FAP BMP6	D	1,560	80	5.9	4.3	4.9	130
Bipper Tepee							
1.4	P	1,360	54	8.8	5.9	6.9	165
1.4 HDi BVM	D	1,398	50	5.7	3.8	4.5	119
Peugeot 407							
1.6 HDi FAP	D	1,560	80	6.4	4.1	4.9	129

CITROËN (2008)

	Fuel	Displacement	Horsepower	City	Consumption (l/100 km)		CO ₂ g/km
	P/D	cc	kW		Highway	Combined	
Citroën C1							
1.0	P	998	50	5.5	3.9	4.5	106
HDi 55	D	1,398	40	5.3	3.4	4.1	109
Citroën C2							
1.4 SensoDrive Stop&Start	P	1,360	65	6.8	4.8	5.6	130
1.1	P	1,124	44	7.5	4.8	5.8	138
HDi 70	D	1,398	50	5.3	3.7	4.3	113
HDi 70 SensoDrive	D	1,398	50	4.9	3.8	4.2	111
Citroën C3							
1.4,16v Stop&Start	P	1,360	65	6.9	4.9	5.7	135
1.4	P	1,360	54	8.2	4.9	6.1	145
HDi 70	D	1,398	50	5.3	3.8	4.4	115
Hdi 70 SensoDrive	D	1,398	50	4.9	3.9	4.3	113
Citroën Berlingo							
1.6,16v	P	1,587	66	10.8	6.8	8.2	195
HDi 110 FAP	D	1,560	80	6.8	4.9	5.6	147
HDi 92	D	1,560	66	7	5	5.7	150
Citroën Xsara Picasso							
1.6,16v	P	1,587	80	9.5	6	7.3	172
HDi 92	D	1,560	66	6.4	4.2	5	130
Citroën C4							
1.4,16v	P	1,360	65	8.7	5.2	6.4	153
VTi 120	P	1,598	88	9.3	5.2	6.7	159
HDi 92	D	1,560	66	5.7	3.7	4.4	117
Citroën C4 Picasso							
THP 150	P	1,598	110	9.9	5.8	7.3	173
VTi 120	P	1,598	88	10	5.9	7.4	174
HDi 110 FAP	D	1,560	80	6.9	4.7	5.5	145
HDi 110 FAP BMP6	D	1,560	80	6.4	4.7	5.3	140
Citroën C5							
1.8,16v	P	1,749	92	10.8	6.2	7.9	188
2.0,16v	P	1,997	103	12	6.3	8.4	198
HDi 140 FAP	D	1,997	103	7.5	4.8	5.8	153
HDi 110 FAP	D	1,560	80	6.6	4.6	5.3	140
Citroën C6							
3.0 V6	P	2,946	155	16.3	8.2	11.2	266
V6 HDi 208 FAP	D	2,720	150	12	6.8	8.7	230
HDi 173 FAP	D	2,179	125	8.7	5.4	6.6	175
Citroën C8							
2.0,16v	P	1,997	103	12	7.3	9	213
HDi 120	D	1,997	88	8.8	5.8	6.9	182
Citroën C-Crosser							
HDi 160 FAP	D	2,179	115	9.5	5.9	7.2	191

PRODUCTS

2.1 Greenhouse effect | 2.1.3 Petrol, diesel and alternative fuel technologies

CITROËN (MODELS/VERSIONS MARKETED IN FIRST-HALF 2009)

	Fuel	Displacement	Horsepower	Consumption (l/100 km)			CO ₂
	P/D	cc	kW	City	Highway	Combined	g/km
Citroën C3 Picasso							
VTi 95	P	1,397	70	9.1	5.5	6.8	157
HDi 90	D	1,560	66	6	4	4.7	125
Citroën Nemo Combi							
1.4	E	1,360	54	8.8	5.9	7	165
HDi 70 BVM	D	1,398	50	5.7	3.8	4.5	119

Methodology

Calculating CO₂ emissions

In tests by an independent organisation, CO₂ emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission Group (MVEG) test procedure, which covers both city and highway driving cycles. The measured emissions

are then calculated per kilometre, providing a basis for determining consumption by type of fuel.

The resulting data enable consumers to compare the performance of vehicles offered by different brands.

2.1.3 Petrol, diesel and alternative fuel technologies

PSA Peugeot Citroën has set a priority objective of reducing the amount of CO₂ emitted by Peugeot and Citroën vehicles. To significantly reduce the carbon footprint of its model lines, the Group is focusing on the most cost-effective technologies capable of being deployed on mass-produced models – the only way to make a real impact on the environment.

The growing mobility needs of today's world cannot be met with a "one-size-fits all" solution, no matter how green. That's why PSA Peugeot Citroën's research dedicated to improving the environmental performance of vehicles and developing new technologies is being pursued in several different directions.

Short and medium term programmes are focused on:

- Minimising the environmental impact of petrol and diesel vehicles, by continuing to improve fuel efficiency and reduce carbon and pollutant emissions.
- Encouraging the development of alternative internal combustion fuels, be they fossil (natural gas) or renewable (biofuels).
- Enhancing the cost-effectiveness of hybrid and electric solutions.

Longer-term programmes are working on developing fuel cell solutions whose technologies and costs make them suitable for mass application.

▶ PSA Peugeot Citroën sales by region and type of fuel

Fuel	Year	Western Europe	Rest of the world	TOTAL
Petrol	2008	681,597	912,006	1,593,603
	2007	807,770	833,363	1,641,133
	2006	851,255	841,064	1,692,319
Diesel	2008	1,397,515	269,270	1,666,785
	2007	1,515,876	271,357	1,787,233
	2006	1,444,912	228,681	1,673,593
TOTAL	2008	2,079,112	1,181,276	3,260,388
	2007	2,323,646	1,104,720	3,428,366
	2006	2,296,177	1,069,745	3,365,922

▶ Improving fuel efficiency and reducing diesel and petrol exhaust emissions

PSA Peugeot Citroën is pursuing its downsizing strategy, to develop smaller, more fuel-efficient engines that deliver the same performance as the preceding larger models. The latest generation HDi diesels, for example, are 20% smaller yet provide comparable power and torque.

It has also consolidated its leadership in diesel engines, which for equivalent performance use considerably less fuel than petrol engines. The percentage of diesel-powered passenger cars in the European market almost doubled from 1998 to 2008, when they accounted for more than 50% of all cars sold during the year. Introduced by PSA Peugeot Citroën, the common-rail, direct-injection HDi diesel engines reduce CO₂ emissions by 20% compared with the previous generation diesels and by 30% compared with petrol engines. In addition, HDi engines deliver remarkable drivability and today rank among the most popular in Europe.

The Group produced more than 1.52 million common-rail HDi powerplants in 2008, bringing total output to more than 12.4 million units since 1998.

Since 2006, several Peugeot and Citroën models have been powered by petrol engines, developed in cooperation with BMW, that improve fuel efficiency and lower carbon emissions by 10 to 15%, depending on conditions of use, compared with the engines they replaced.

In 2008, the Group announced the development of a new family of three-cylinder, 1-litre, 70 to 100 hp petrol engines that will be produced beginning 2011. The new powerplant will make it possible to reduce a car's CO₂ emissions to less than 100g/km without additional technology.

▶ CNG vehicles invoiced to dealers

Fuel	Year	Western Europe	Rest of the world	Worldwide
Compressed natural gas (CNG)	2008	309	4	313
	2007	1,014	65	1,079
	2006	1,875	105	1,980
	2005	1,194	12	1,206
	2004	539		539

PSA Peugeot Citroën already markets CNG commercial vehicles and, since October 2005, a five-seater CNG Citroën C3 intended for the consumer market. In 2008, it completed development of a global multipurpose 1.6-litre CNG engine and introduced it in Iran and China.

It is also committed to offering a new, optimised CNG engine in Europe.

PRODUCTS

2.1 Greenhouse effect | 2.1.3 Petrol, diesel and alternative fuel technologies

► Flex-fuel vehicles invoiced to dealers

Year	Western Europe	Of which France	Rest of the world	TOTAL
2008	2,927	576	103,524	106,451
2007	3,417	1,122	88,651	92,068
2006	1	1	81,033	81,034
2005	2	2	17,143	17,145
2004			4	4

In Brazil, the world's largest flex-fuel vehicle market and leading producer of ethanol, the Group sells flex-fuel versions of the Peugeot 206, Peugeot 307, Citroën C3, C4 and Xsara Picasso, whose engines automatically adjust to biofuel/petrol blends in varying proportions (22 to 100%).

In 2008, flex-fuel models invoiced to dealers in Latin America accounted for nearly 50% of total petrol vehicles invoiced across the region, and nearly 65% in Brazil alone.

In 2008, flex-fuel versions of the Peugeot 307, 308 and 407 and the Citroën C4 and C5 were marketed in France and Sweden.

► Alternative fuels

Biofuels

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

Used in flex-fuel engines, E85 is a blend of 85% denatured fuel ethanol and 15% petrol by volume.

SP95-E10, a fuel introduced in France in April 2009, is a blend of regular unleaded petrol (SP95) and up to 10% plant-derived ethanol that complies with prevailing European quality standards.

All of the petrol-powered Peugeot and Citroën models produced since 1 January 2000, or some two million vehicles, can run on SP95-E10.

Biodiesels are a blend of vegetable oil methylesters (VOMEs) and automotive diesel fuel. Oilseeds such as rapeseed are used to make Diester®, a blend of 30% fatty-acid methyl ester (FAME) and 70% diesel fuel.

The standard European biofuel is the B5, which can contain up to 5% VOMEs, while B7 fuel is sold in France. PSA Peugeot Citroën is now encouraging French authorities to explore the possibility of introducing B10 fuel, a 10% blend of biofuel in diesel whose use would enable France to meet the ambitious biofuel blend targets it has set for 2010. The high percentage of diesels on the road in France would amplify the resulting impact on carbon emissions. Any Peugeot or Citroën diesel can run on B10.

For PSA Peugeot Citroën, which has long recommended the reasonable use of biofuels, the introduction of light biofuel blends could immediately reduce CO₂ emissions since these blends can already be used in a large proportion of today's cars.

The use of ethanol or FAME blends exceeding 10% will have to wait for the second generation of biofuels, derived primarily from fuel crops as well as organic waste, such as biomass.

The Group is aware of the potential conflict between using crops for fuel instead of food, and is carefully tracking research being conducted on second-generation biofuels.

Higher biofuel blends are particularly effective when used in captive fleets, where fuel storage and refuelling issues are easy to resolve. This is the case with the Group's service fleet, which has been running on Diester® 30 biodiesel for more than a decade.

PSA Peugeot Citroën is pursuing its research programmes with a variety of partners in France, where it is a member of the Diester Partners association, as well as in China, where it is conducting biodiesel research with the China Automotive Technology & Research Centre (CATARC), and in Brazil in association with the Ladetel laboratory.

The Group regularly shares its experience as a carmaker by taking part in discussions on the technical, business and political issues raised by biofuels.

Compressed natural gas

The Group is also exploring the possibilities offered by compressed natural gas (CNG) in markets where gas is already a viable alternative to petrol and diesel.

In comparison to conventional fuels, CNG is high calorific, reduces greenhouse gas and other emissions by 20% compared with an equivalent petrol engine, and burns very quietly.

In 2005, the Group signed the third CNG protocol aimed at developing this solution in France by 2010.

- Priority action no. 1.3 (2007-2009) - Promote the use of alternative fuels around the world.

Objective: Offer at least one alternative-fuel model in our major country markets, depending on the economics and trade-offs in each country.

2.1.4 Alternative technologies and propulsion systems

► Hybrid technologies

The Stop & Start system

Stop & Start technology allows the engine to shut down automatically when the vehicle is standing still or in neutral – at a red light, for example – and to start up again instantly and noiselessly when reactivated by the driver. The Group's version was introduced on the Citroën C2 and C3 in 2004.

The second generation, equipped with a more powerful integrated starter-generator that allows regenerative braking, will be rolled out on Peugeot and Citroën models by around 2011. It will help to reduce carbon emissions by up to 15% in city driving.

All of these features mean that the Stop & Start system addresses a number of traffic-related issues in cities, where 75% of Europeans live.

Full hybrid technologies

PSA Peugeot Citroën is actively involved in developing hybrid technologies, with an approach that will enable it to extend hybrid powertrains across the Peugeot and Citroën line-ups within the next two years.

Unveiled at the 2008 Paris Motor Show, the Peugeot Prologue and Citroën Hypnos concept cars illustrate the current state of the Group's full-hybrid diesel technology. Known as HYbrid4, it combines the high fuel efficiency of the HDi diesel in highway driving with all the benefits of electric propulsion on city and suburban roads. It also adds all-wheel drive capability thanks to an electric motor mounted on the rear axle assembly. With its integrated Stop & Start system and particulate filter, HYbrid4 technology delivers breakthrough fuel efficiency and CO₂ performance, with gains of nearly 35% compared with the equivalent HDi diesel model and nearly 50% compared with a similarly rated petrol engine.

Initially introduced on "distinctive" Peugeot and Citroën models (the Peugeot 3008 and the Citroën DS5) in 2011, the system will offer an exceptional driving experience, superior fuel economy and sharply lower CO₂ emissions.

Plug-in hybrids

At the same time, to bring EVS to a wider customer base. The Group is working on a plug-in hybrid. It can run in all-electric mode for around 50 kilometres, which corresponds to most drivers' daily needs. Offering all the benefits of an EV, it can also shift into hybrid mode for longer distances.

To support the wider use of electric vehicles and plug-in hybrids, PSA Peugeot Citroën formed a partnership with French power utility EDF in 2008, covering such areas as the definition of business models capable of driving the commercial development of electric vehicles, energy storage technologies and the standardisation of recharging systems and protocols to enable vehicles and the network to communicate during recharging.

- Priority action no. 1.2 (2006-2011) – Introduce a diesel hybrid.

Objective: Develop an HDi diesel hybrid powertrain, marketed on distinctive models in 2011.



► Zero-emission vehicles: electric and fuel cell powertrains

Electric vehicles

PSA Peugeot Citroën is also working on programmes that will bring to market a series of zero-emission vehicles (ZEVs), whose use does not result in any CO₂, hydrocarbon (HC), nitrogen oxide (NOx) or other local emissions.

After having led the global electric vehicle market, with 10,000 units sold between 1995 and 2005, PSA Peugeot Citroën no longer markets any EVs. Production was halted in 2005 for several reasons, including the EVs' limited range and low carbuyer demand.

However, the Group's EV programmes have now been reactivated in a commitment to serving a market that will initially expand through fleets and car sharing schemes.

In March 2009, a partnership agreement was signed with Mitsubishi Motor Corporation (MMC) concerning the joint development of an EV for the European market based on MMC's i MiEV car, with launch scheduled for 2010.

Fuel cell vehicles

PSA Peugeot Citroën is continuing its research programmes aimed at making it technically and financially feasible to develop automotive applications for fuel cell technology.

An in-house team of specialists is working on different cells and vehicle prototypes with the support of expert networks formed in partnership with France's National Scientific Research Centre (CNRS) and Atomic

Energy Commission (CEA). In January 2006, PSA Peugeot Citroën and the CEA unveiled one result of their research – the 80kW GENEPAC modular fuel cell stack.

Over the past ten years, the PSA Peugeot Citroën research department has tested several solutions deployed on seven hydrogen fuel cell technology demonstrators. Based on these tests, it believes that to develop ZEVs requiring a longer range than pure EVs, the most promising way forward over the medium to long term is a hydrogen fuel cell range extender. This solution is illustrated by the Peugeot Partner H2Origin demonstrator, presented in April 2008.

Through the EU's Hydrogen Storage Systems for Automotive Application (StorHy) research project, PSA Peugeot Citroën has focused on improving gaseous hydrogen storage technology, in order to significantly increase the range of hydrogen vehicles. Test results from the four-and-a-half-year project, which ended in June 2008, show that doubling the pressure of the stored hydrogen (from 350 to 700 bar) is a technically viable solution.

The challenges involved – lowering fuel cell costs, integrating fuel cells into vehicles, and storing and distributing hydrogen – are often beyond a carmaker's control. As a result, the Group plans to gradually introduce the technology beginning around 2020.

2.2 Air quality

2.2.1 Vehicle exhaust emissions

► Particulate emissions standards

Thanks to the steady improvements in technology, particulate emissions from new vehicles have been reduced by 95% over the past thirty years.

In Europe, the Group's petrol and diesel-powered cars comply with Euro IV standards for CO, HC, NOx and particulate matter emissions. Introduced in 2005, these standards have reduced the maximum admissible level of emissions from petrol and diesel-powered cars by half compared with the preceding Euro III standards.

The next stage, Euro V, was approved in late 2006 for application on 1 September 2009 for new models and in January 2011 for all new car registrations. The following stage, Euro VI, will come into effect on

1 September 2014 for new models and in September 2015 for all new car registrations.

Together, these new standards will demand a sharp reduction in the maximum admissible levels of particulate matter and NOx emissions of diesel-powered vehicles.

In the rest of the world, vehicles sold by PSA Peugeot Citroën meet or exceed standards ruling in each local market.



▶ Eliminating particulate emissions with the particulate filter

The particulate filter, which eliminates close to 100% of even the smallest particulate matter, is playing an important role in improving the quality of air in urban environments, while further enhancing the fuel efficiency of diesel engines.

The new standard for European diesels, this patented PSA Peugeot Citroën after-treatment system has been widely popularised by the Group, having been fitted on some three million HDi-powered Peugeots and Citroëns since its introduction in 2000.

Euro V emissions standards will make particulate filters mandatory for all new diesel vehicles sold after September 2009.

In 2008, more than 35% of the diesels sold worldwide were equipped with a particulate filter.

It is now available on the Peugeot 1007, 207, 308, 407, 4007, 607 and 807 and the Citroën C3, C4, C4 Picasso, Xsara Picasso, C5, C6, C8 and C-Crosser. It will be extended to all other models in the medium-term future.

▶ Euro IV standards

Issued in 1972, the first automobile emission standards only concerned carbon monoxide (CO). Standards in force in the European Union are currently in the Euro IV stage.

Exhaust emissions	Petrol vehicle (g/km)	Diesel vehicle (g/km)
CO	1.00	0.50
HC	0.10	-
NOx	0.06	0.25
HC+NOx	-	0.30
Particulate matter	-	0.025
Durability (km)	100,000	100,000

Evaporation emissions	Petrol vehicle (g/test cycle)	Diesel vehicle (g/km)
HC	2.00	-

HC: Unburned hydrocarbons. CO: Carbon monoxide. NOx: Nitrogen oxides.

▶ Euro V standards

Exhaust emissions	Petrol vehicle* - CNG - LPG (g/km)	Diesel vehicle (g/km)
CO	1.00	0.50
Non-methane HC	0.068	-
THC	0.10	-
NOx	0.06	0.18
THC+NOx		0.23
Particulate matter	0.005/0.0045**	0.005/0.0045**
Durability (km)	160,000	160,000

Evaporation emissions	Petrol vehicle* - CNG - LPG (g/test cycle)	Diesel vehicle (g/km)
HC	2.00	

* Applies only to vehicles with lean-burn, direct-injection petrol engines.

** In 2013, a change in the measurement procedure will reduce the maximum admissible level to 0.0045 from 0.005 (equivalent theoretical value).

HC: Unburned hydrocarbons. CO: Carbon monoxide. NOx: Nitrogen oxides.

▶ Euro VI standards

Exhaust emissions	Petrol vehicle - CNG - LPG (g/km)	Diesel vehicle (g/km)
CO	1.00	0.50
Non-methane HC	0.068	-
THC	0.10	-
NOx	0.06	0.08
THC+NOx		0.17
Particulate matter*	0.0045**	0.0045**
Durability (km)	160,000	160,000

Evaporation emissions	Petrol vehicle - CNG - LPG (g/test cycle)	Diesel vehicle (g/km)
HC	2.00	-

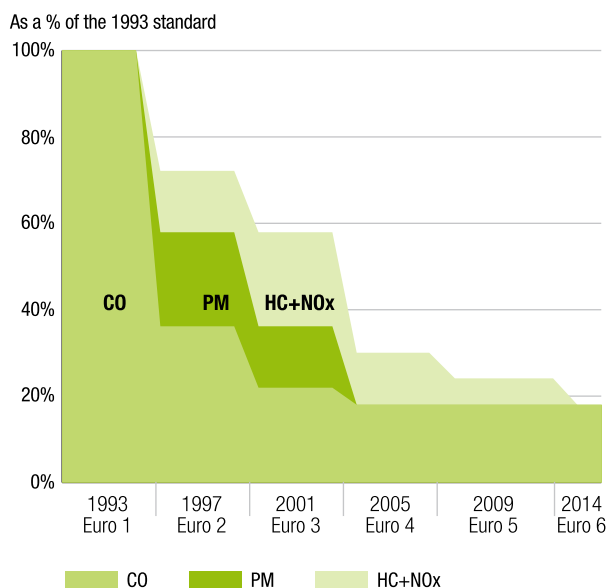
* Euro VI also introduces particle number emission limits.

** In 2013, a change in the measurement procedure will reduce the maximum admissible level to 0.0045 from 0.005 (equivalent theoretical value).

HC: Unburned hydrocarbons. CO: Carbon monoxide. NOx: Nitrogen oxides.

▶ Diesel-engine emission standards

(Passenger cars, since 1993)



CO: Carbon monoxide; PM: Particulate matter;
HC: Unburned hydrocarbons; NOx: Nitrogen oxides

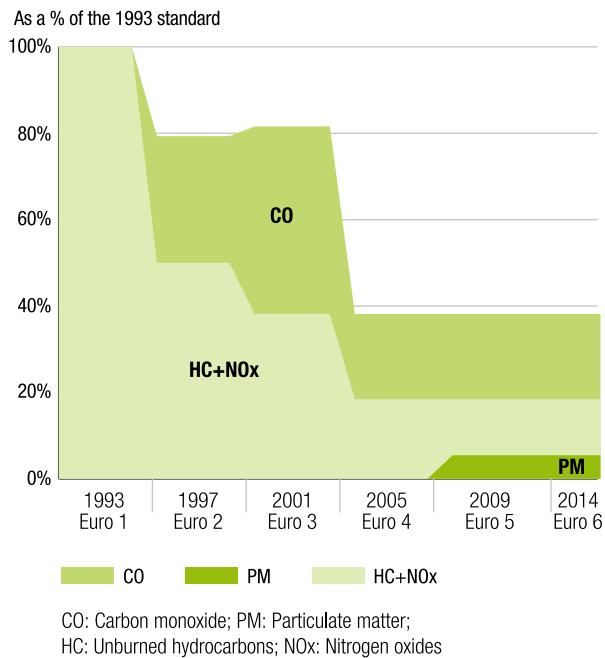
In a document published on 12 January 2005 entitled “Fiscal incentives for motor vehicles in advance of Euro V”, the European Commission recommended that member states planning to introduce tax incentives for diesel cars restrict particulate emissions to less than 5mg/km, corresponding to Euro V and Euro VI standards.

Peugeot and Citroën vehicles equipped with the diesel particulate filter already comply with Euro V and Euro VI particulate matter standards. In addition, both line-ups have integrated such technological advances as:

- higher common-rail injection pressures;
- introduction of a variable percentage exhaust gas recirculation system, for better control of NOx emissions.

▶ Petrol-engine emission standards

(Passenger cars, since 1993)



To reduce petrol-engine emissions, the PSA Peugeot Citroën model range features such technological advances as:

- more efficient three-way catalytic converters that reach operating temperatures more quickly;
- direct-injection systems;
- the variable valve time (VVT) engine timing system on the inlet and exhaust camshafts.

▶ Methodology

Measuring vehicle exhaust emissions

Exhaust emissions are measured with the vehicle on a chassis dynamometer running the European standard Motor Vehicle Emission

Group (MVEG) test procedure, which covers both city and highway driving cycles.

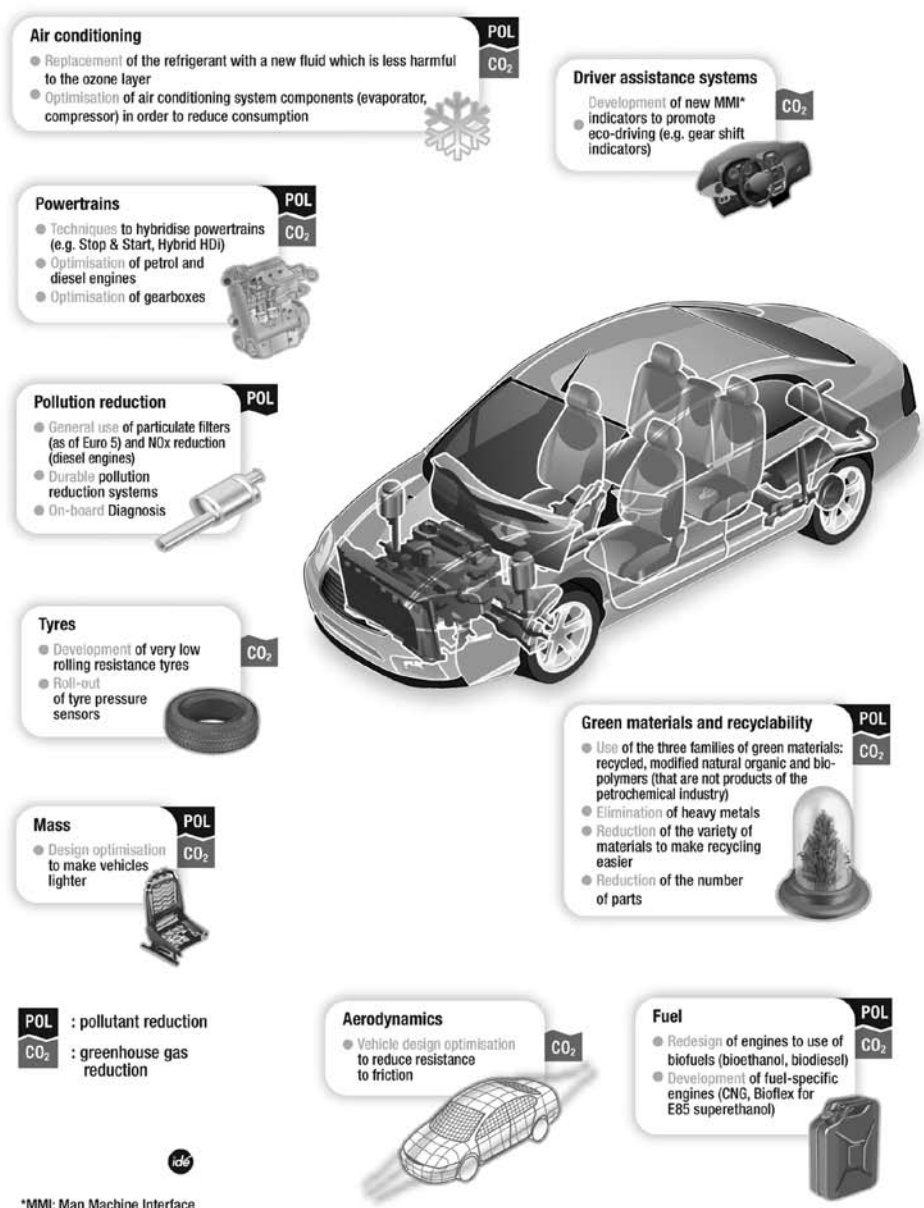
The measured emissions are then calculated per kilometre.

2.3 Eco-design and recycling

2.3.1 Eco-design

PSA Peugeot Citroën teams are proficient in the eco-design process, which helps to shrink a vehicle's environmental footprint to a minimum at every stage in its life cycle, by improving fuel efficiency, reducing carbon emissions, using natural resources, etc.

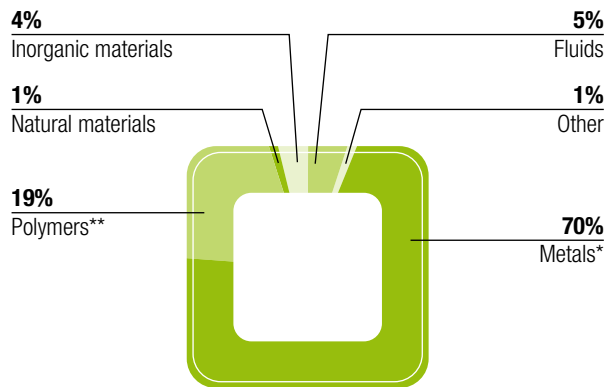
To reduce emissions of both pollutants (CO, NOx, HC, particulate matter) and greenhouse gases (CO₂ in the case of an automobile), work is being pursued in a variety of areas, without however sacrificing any of the vehicle's critical features, such as safety, handling, comfortable ride, attractive styling and equipment.



2.3.2 Use of materials

► Main types of materials used in a car

(By weight, lower mid-range sedan, 2007 data)



* Of which 60% ferrous metals.

** Of which around 200 kg of plastics and 80 kg of elastomers, including the tyres.

► An assertive commitment to using green materials

To optimise the use of resources, PSA Peugeot Citroën is focusing much of its research on polymers, since most of the other materials, such as metals and fluids, are already recyclable and extensively recycled. Polymers account for almost 20% of a vehicle's total weight.

In 2008, the Group deployed an ambitious plan to increase the proportion of green materials, by weight, in a vehicle's total polymers (excluding tyres) to 20% by 2011, from an average 6% in 2007. For the Group, green materials include three families of materials: recycled plastics, natural materials (wood, vegetable fibres, etc.) and biomaterials (made from renewable instead of petrochemical feedstocks). Their use offers a number of benefits, such as reducing the use of fossil plastics and fostering the development of plastics recycling processes by increasing demand.

In addition to ensuring compliance with technical and budget specifications, the wider application of green materials requires the development of robust supply chains and research on new materials.

To meet the 20% target by 2011, the Group is actively selecting and certifying materials that offer the best cost/technical trade-off, to create a portfolio of solutions for future vehicle projects. It is also involved in a large number of scientific partnerships to spur faster development of the biomaterials industry and expand the use of these materials in automobiles.

As part of the MOV'EO automotive cluster, the Group is leading the collaborative MATORIA project to develop new injection plastics made from renewable feedstocks and suitable for automotive applications. The project is aimed at speeding the development of engineered bioplastics by bringing together scientists and manufacturers from across the plastics chain, including chemical companies, plastic product manufacturers, equipment companies and automakers. In this way, it hopes to drive the emergence of products that can replace a significant proportion of fossil plastics by 2015.

**Sustainable Development Objective no. 2**

Sharply increase the proportion of green materials in Peugeot and Citroën vehicles.

Target: Raise the share of green materials to 20% of polymers contained in a vehicle in 2011.

- Priority action no. 2.1 (2007-2011) – Become a leader in the use of green materials.

Objective: Reduce the environmental footprint by increasing the percentage of green materials used per vehicle to 20% of polymers by weight by 2011.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled “Sustainable Development Approach”.

▶ Using green materials in vehicles

Each vehicle project has a contractual objective for the use of green materials.

Progress towards fulfilling the green materials plan may be illustrated by the Citroën C3 Picasso, where green materials make up around 11% of the car's 170 kg of polymers (excluding tyres). Examples include natural fibres, used to make the rear parcel shelves, boot carpeting and door insets, and recycled automotive plastics, used as raw material for mudguards.

On the Peugeot 207, green materials account for around 8.5% of the car's 160 kg of polymers (excluding tyres), a percentage that is steadily increasing as green equipment is introduced on production models. One example is the rear view mirror support stalk, which is now made of hemp-fibre reinforced polypropylene instead of the traditional fibreglass.

2.3.3 Recycling end-of-life vehicles

▶ Eco-designing for disassembly and reuse

Peugeot and Citroën cars are all eco-designed for recycling, based on principles that facilitate the disassembly and decontamination of end-of-life vehicles (ELV). The Group works closely with disassembly organisations, to keep them informed of procedures that facilitate the elimination of fluids and the disabling of airbag pyrotechnics. Vehicle materials are selected according to increasingly strict criteria, which are designed to foster the development of recovery and recycling facilities.

The Group is ensuring that its vehicles are highly recyclable in a variety of ways, including:

- 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.
- Using recycled materials in new vehicles.

This approach is enabling the Group to comply with the current requirement that a new car must be 95% recyclable to be homologated in the EU. French testing laboratory UTAC has certified that PSA Peugeot Citroën is able to implement the processes needed to meet this requirement.

At least 95% of the average weight of new Peugeot and Citroën vehicles is reusable and recoverable, according to prevailing ISO standards and the calculations carried out by the Group. Of this total, 85% is actually reusable or recyclable and 10% reflects the use of recovered resources as fuel in waste-to-energy facilities.

Since 2002, PSA Peugeot Citroën has asked suppliers to provide compliance certificates for all their deliveries or for each part supplied for forthcoming vehicles. As a participant in the International Dismantling Information System (IDIS) project, the Group provides scrap yard facilities with disassembly instructions for Peugeot and Citroën vehicles.

The Group is continuing to work with suppliers to eliminate four heavy metals (lead, cadmium, chromium and mercury) from its vehicles and to find technical solutions for their replacement.

2.4 Noise pollution

2.4.1 Noise pollution

▶ Vehicle noise levels

The following tables show noise levels. Models in boldface are the best-selling petrol or diesel versions in France.

PEUGEOT (2008)	Fuel	Noise
	P/D	dB(A)
Peugeot 107		
1.0 BVM	P	70.0
1.4 HDi	D	71.2
Peugeot 1007		
1.4 BVM	P	73.2
1.4 HDi	D	73.7
Peugeot 206 (Hatchback)		
1.4	P	73.3
1.4 HDi	D	70.9
Peugeot 207 (Hatchback)		
1.4	P	73.6
1.4 VTi	P	72.7
1.6 HDi	D	73.6
Peugeot 308 (Hatchback)		
1.4 VTi	P	73.7
1.6 VTi	P	73.9
1.6 HDi	D	73.2
1.6 HDi FAP	D	73.8
Peugeot 407		
2.0	P	73.4
1.6 HDi FAP	D	73.5
2.0 HDi FAP	D	74.3
Peugeot 407 (Coupé)		
2.2 BVM	P	74.0
2.0 HDi FAP	D	73.7
2.7 HDi BVA	D	71.6
Peugeot 4007		
2.2 HDi FAP	D	74.9
Peugeot 607		
3.0	P	73.2
2.0 HDi BVM FAP	D	74.6
2.7 HDi BVA FAP	D	72.0
Peugeot 807		
2.0 BVM	P	72.4
2.0 HDi	D	74.6
2.0 HDi FAP	D	73.3
Partner Tepee		
1.6	P	73.3
1.6 HDi	D	73.5
Expert Tepee		
2.0	P	73.3
1.6 HDi	D	74.4

CITROËN (2008)	Fuel	Noise
	P/D	dB(A)
Citroën C1		
1.0	P	70.0
HDi 55	D	71.2
Citroën C2		
1.4 SensoDrive Stop&Start	P	70.5
1.1	P	72.9
HDi 70	D	73.8
HDi 70 SensoDrive	D	72.7
Citroën C3		
1.4 16v Stop&Start	P	70.8
1.4	P	73.8
HDi 70	D	72.9
HDi 70 SensoDrive	D	71.3
Citroën Berlingo		
1.6 16v	P	73.3
HDi 110 FAP	D	73.5
HDi 92	D	74.2
Citroën Xsara Picasso		
1.6 16v	P	71.9
HDi 92	D	73.4
Citroën C4		
1.4 16v	P	71.6
VTi 120	P	74.0
HDi 92	D	74.1
Citroën C4 Picasso		
THP 150	P	73.0
VTi 120	P	73.8
HDi 110 FAP	D	72.2
HDi 110 FAP BMP6	D	70.1
Citroën C5		
1.8 16v	P	72.1
2.0 16v	P	72.8
HDi 140 FAP	D	71.1
HDi 110 FAP	D	71.7
Citroën C6		
3.0 V6	P	72.2
V6 HDi 208 FAP	D	70.2
HDi 173 FAP	D	75.0
Citroën C8		
2.0 16v	P	72.4
HDi 120	D	74.6
Citroën C-Crosser		
HDi 160 FAP	D	74.9

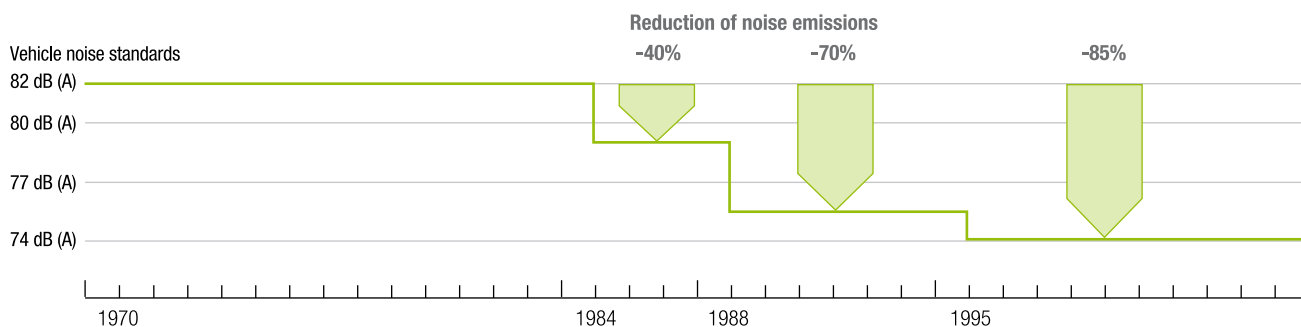
MODELS/VERSIONS MARKETED IN FIRST-HALF 2009

	Fuel	Noise
	P/D	dB(A)
PEUGEOT		
Peugeot 3008		
1.6 VTi	E	73.3
1.6 HDi FAP BMP6	D	72.9
Bipper Tepee		
1.4	E	70
1.4 HDi BVM	D	71
Peugeot 407		
1.6 HDi FAP	D	73.5

	Fuel	Noise
	P/D	dB(A)
CITROËN		
Citroën C3 Picasso		
VTi 95	P	74
HDi 90	D	74.9
Citroën Nemo Combi		
1.4	P	70
HDi 70 BVM	D	71

2.4.2 Vehicle noise standards

▶ European vehicle noise standards



dB (A) : Units of measurement expressing a level of intensity weighted to reflect the physiological characteristics of the human ear.

▶ Methodology

Measuring noise

The method used to measure noise levels is described in UN-ECE Regulation no. 51 and is based on the ISO 362 standard, which defines speed and acceleration conditions for test runs. Noise levels are measured by microphones placed along the test track.

2.5 Road safety

2.5.1 Primary safety

► Chassis systems

Capitalising on its recognised expertise in suspensions, steering, braking and other chassis systems, PSA Peugeot Citroën designs cars that are naturally safe to drive, with technology that compensates, to the extent possible, for bad driving, faulty infrastructure and adverse weather conditions. Their architecture is engineered to deliver handling performance, precision steering and braking power that rank among the best in the market. Moreover, to attenuate the consequences of certain emergency situations, the Group offers such driver assistance technologies as anti-blocking systems (ABS), which are now standard on every model, emergency braking assist (EBA), and electronic stability programs (ESP), which help drivers maintain control even in a skid.

In addition, certain models come with such efficient, practical innovations as Xenon dual-function directional headlights and the AFIL lane departure warning system, which alerts the driver who drifts across a lane. Another example, introduced in 2009 on the Peugeot 3008, is the Grip Control system, which comprises Michelin 16-inch Mud & Snow tyres and an intelligent traction control system integrated into the ECU of the Electronic Stability Programme (ESP™), which optimises management of front-wheel traction. It improves the vehicle's ability to maintain grip and traction on all types of slippery or loose terrain. The driver has a choice of five modes, accessible via a dedicated control on the centre console.

► Ergonomics

Improved knowledge of postural ergonomics is designed into new car projects, in a commitment to delivering exceptional accessibility, visibility and other comfort and safety features, regardless of occupant age or morphology.

Expertise in cognitive ergonomics (i.e. how drivers exchange information with their environment) makes certain that information provided by the vehicle is correctly interpreted by drivers under all conditions, allowing them to focus on safe driving.

2.5.2 Secondary safety

► Restraint systems

From the initial design of the shared platforms throughout the vehicle development process, secondary safety is an absolute priority. This ensures that regardless of the type of collision – frontal, side, rear or even rollovers – structural components resist impact and absorb energy to provide a high degree of protection for occupants. In this way, the passenger compartment acts as a survival cell, fitted with sophisticated restraint devices.

According to the Laboratoire d'Accidentologie, de Biomécanique et d'étude du comportement humain (LAB), 22% of people killed in traffic accidents in France in 2007 were not wearing seatbelts, compared with only 3% of people injured in a non-fatal accident. Any means of encouraging people to fasten their seatbelts therefore leads to a real increase in safety.

Isofix attachment points allow easy and efficient installation of child seats, seatbelt load-limiting retractors are calibrated at 450kg, and airbags with dual energy levels equip some models. Everything is calculated to maximise protection for everyone in the vehicle, regardless of their age or where they are seated. Already fitted on front seatbelts, load-limiting retractors are now gradually being installed for back seats as well. These systems adjust occupant restraints while limiting pressure on the chest to reduce the frequency of thoracic and abdominal injuries.

One system consists of driver reminders that a seatbelt is not fastened. If the driver's belt is unfastened, he or she is alerted by a warning sound and light for more than 90 seconds as soon as the vehicle reaches a certain speed. An unbuckled front passenger belt is signalled by a warning but only if someone is in the seat, to avoid bothering the driver when no passenger is aboard. Rear seat buckle-up reminders are also gradually being introduced across all the model ranges. All of these systems play an important role in passenger safety and are now offered on a growing number of Peugeot and Citroën models.

► Euro NCAP safety ratings

In impact tests conducted by the European New Car Assessment Programme (Euro NCAP), an independent organisation that rates vehicle occupant protection, 13 Peugeot and Citroën models had been awarded the maximum five stars for adult protection as of year-end 2008, ranking the Group among the world's best in secondary safety.

The two models that earned the five-star rating during the year were the Citroën C5 and the Peugeot 308 Coupé-Cabriolet.

Model	Year launched	Year tested	Adult Occupant Rating	Pedestrian Test Rating	Child Protection Rating
Peugeot 308 CC	2008	2008	*****	**	***
Citroën Berlingo Peugeot Partner*	2008	2008	****	**	****
Citroën C5	2008	2008	*****	**	****
Peugeot 308	2007	2007	*****	***	****
Peugeot 207 CC	2007	2007	*****	**	
Citroën Grand C4 Picasso	2006	2006	*****	**	****
Peugeot 207	2006	2006	*****	***	****
Citroën C6	2006	2005	*****	****	****
Peugeot 407 Coupé	2005	2005	*****	**	****
Citroën C1 Peugeot 107*	2005	2005	****	**	****
Peugeot 1007	2005	2005	*****	**	***
Citroën C4	2004	2004	*****	***	****
Peugeot 407	2004	2004	*****	**	****
Citroën C2	2003	2003	****	**	***
Peugeot 307 CC	2003	2003	****	**	
Citroën C3 Pluriel	2003	2003	****	**	
Peugeot 807 Citroën C8*	2002	2003	*****	*	
Citroën C3	2002	2003	****	**	
Peugeot 307	2001	2001	****	**	
Peugeot 607	2000	2002	****	*	
Citroën Xsara Picasso	2000	2001	****	**	
Peugeot 206	1998	2000	****	**	

Source: Euro NCAP.

Occupant protection rated out of 5 stars / Pedestrian protection rated out of 4 stars.

* Vehicles appearing on the same line have the same technical specifications.

In 2009, Euro NCAP developed a new rating system that rewards the overall safety of a vehicle. The new overall rating reflects the protection offered to adult and child occupants as well as pedestrians and, for the first time, considers the safety potential of advanced driver assistance technologies.

Model	Year launched	Year tested	Overall rating
Citroën C3 Picasso	2009	2009	****

Source: Euro NCAP.

2.5.3 Tertiary safety

► Emergency call system

PSA Peugeot Citroën has played a pioneering role in post-accident or tertiary safety, which helps to attenuate the effects of an accident by facilitating emergency rescue and shortening response times. It is the only volume carmaker to deploy a wide-scale, location-aware emergency call system, free of charge and without any cut-off date.

In the event of an accident or medical emergency in the car, occupants can alert a dedicated assistance centre simply by pressing the SOS button. In the case of a collision, the same alert is sent automatically.

Thanks to the car's GPS system and onboard GSM mobile phone, assistance personnel can pinpoint the car's location, thereby enabling rescue services to respond more quickly and effectively.

According to the European Commission, equipping every vehicle on the road with such a system would save 2,500 lives a year in Europe.

	Total in 2006*	Total in 2007*	Total in 2008*
Peugeot and Citroën vehicles equipped with the Premium emergency call system**	321,820	433,390	546,000
Alerts sent to emergency services	1,090	1,840	2,700
Countries in which the Premium emergency call service is available	France, Germany, Italy, Belgium, Luxembourg, Spain and the Netherlands	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal and Austria	

* Cumulative figures since the service was introduced in January 2003.

** In the nine countries where the Premium emergency call service is available, the vehicle automatically (or the driver manually) alerts the Inter Mutuelles Assistance (IMA) emergency assistance call centre, which verifies the incident and notifies the local public rescue or ambulance services. In other European countries, the vehicle dials 112, the European emergency number.

As of year-end 2008, some 546,000 Peugeot and Citroën vehicles equipped with the emergency call system were on the road in the nine European countries where the Premium service is open (France, Germany, Italy, Spain, Belgium, Luxembourg, the Netherlands, Portugal and Austria). In all, more than 667,000 cars equipped with the emergency call system were on the road in the 27-country Europe. Outside the nine Premium service countries, the system calls 112, the European emergency number, which does not support GPS localisation.

More than 2,700 emergency alerts have been sent to local rescue services since the service was introduced in 2003.



Sustainable Development Objective no. 8

Broadly deploy telematics services to improve user safety.

Target: 1 million enabled vehicles on the road in 10 European countries by 2011.

- Priority action no. 8.1 (2005-2009) – Promote the emergency call system as a new source of traffic information.

Objective: Enable emergency or assistance information to be transmitted to road infrastructure and traffic information operators, so that other drivers can be rapidly informed of the risk.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

2.6 Customer relations

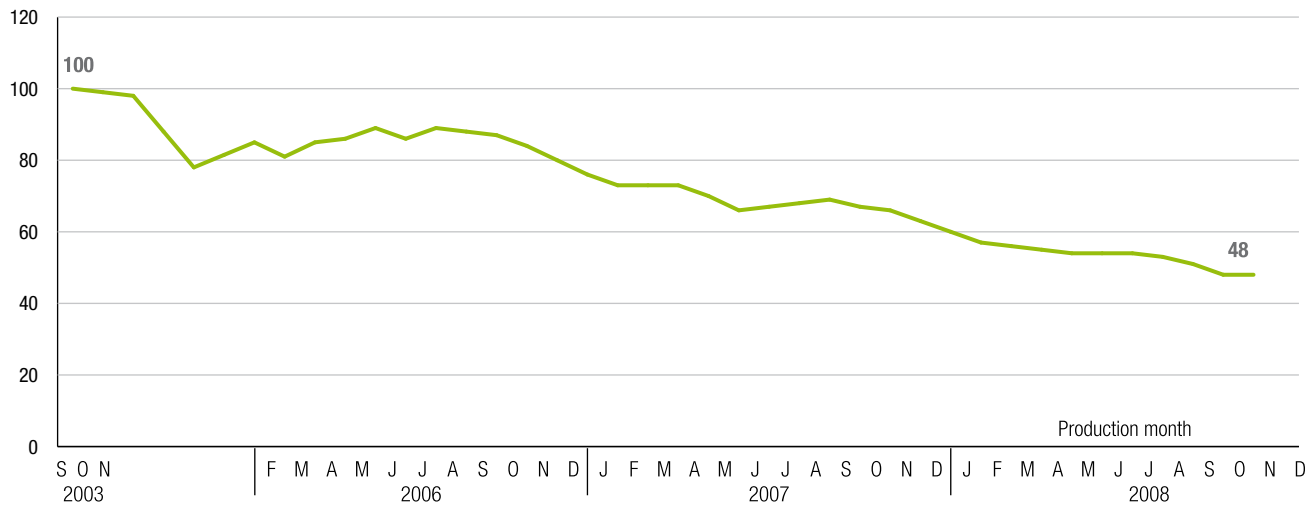
2.6.1 Quality

PSA Peugeot Citroën confirmed its strong quality performance in 2008, as deployment of the PSA Production System in the manufacturing plants reduced the number of defects per end-of-line vehicle by 40% during the year. The frequency of warranty claims was divided by 2

and their cost by 2,7 over the past five years in Europe. In customer service, both brands are making steady progress in the purchase/delivery experience and in maintenance/repair services.

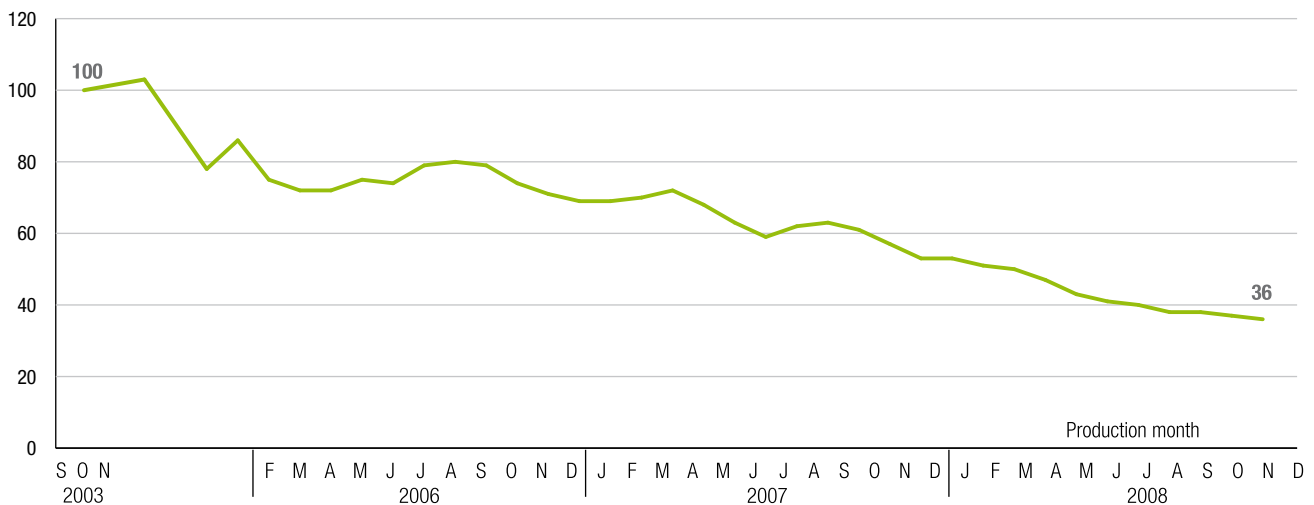
Customer quality: frequency of warranty claims

(8-country Europe, first 3 months in service, base 100 = September-November 2003)



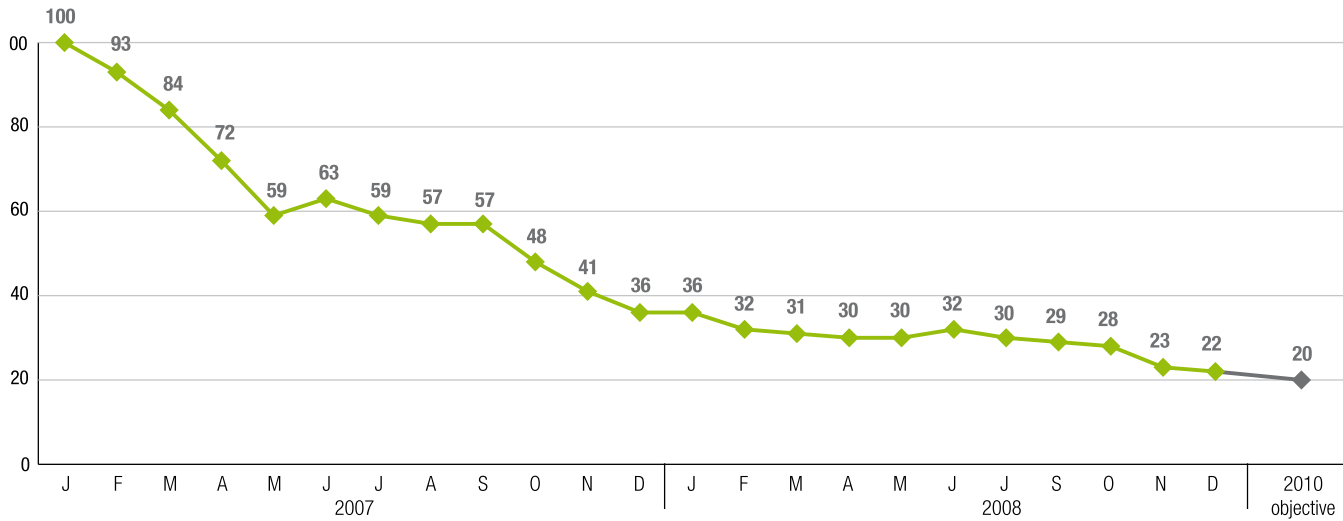
Customer quality: warranty costs

(8-country Europe, first 3 months in service, base 100 = September-November 2003)



► Production quality: number of factory defects per vehicle

(End-of-line defects in European plants, base 100)



2.6.2 Compliance with health, safety and customer privacy standards

► Non-compliance with regulations concerning customer health and safety

(Peugeot and Citroën subsidiaries)

All vehicles homologated in 2008 were certified as fully compliant with regulations concerning consumer health and safety.

Four cases of non-compliance with regulations concerning customer health and safety were recorded at Peugeot Spain in 2008. The subsidiary was ordered to pay a fine of €15,000 following two complaints from consumer organisations for omitting to inform the *Dirección General de Consumo de la Comunidad de Madrid* about a recall. Peugeot Spain was also fined €7,500 for defective service under

warranty claims from seven customers. In addition, it paid €3,400 for faulty warranty service and was fined €1,500 by the Autonomous Community of Galicia for non-compliance with the *Seguridad Plus Peugeot* contract.

Robins & Day Limited, a subsidiary of Peugeot Motor Company PLC, was fined £7,000 for failing to manage asbestos and was ordered to pay £2,097.53 in legal costs.

▶ Non-compliance with regulations concerning customer privacy

(Personal data protection legislation, Peugeot and Citroën subsidiaries)

PSA Peugeot Citroën was not cited for any cases of non-compliance with regulations concerning customer privacy in 2008.

2.6.3 Advertising, communication and consumer information

▶ Non-compliance with regulations concerning advertising, marketing, labelling and consumer information

(Peugeot and Citroën subsidiaries)

In 2008, four incidents of non-compliance with regulations concerning advertising, marketing, consumer information or product labelling were reported by sales subsidiaries in three countries – Belgium, the Czech Republic and Portugal for Automobiles Peugeot, and the Czech Republic for Automobiles Citroën.

Three of these incidents resulted in fines. Peugeot's Belgian subsidiary was fined €1,250 for non-compliance with price listing information in a brochure at the Brussels auto show. The Peugeot and Citroën

subsidiaries in the Czech Republic were fined €270 by the trade inspector's office for failure to display fuel consumption and CO₂ emissions data in an independent dealership.

In Italy, Peugeot was ordered to modify an advertisement to make CO₂ emission data more legible following an investigation by national competition authorities. To date, no fine has been ordered.

▶ Labelling and consumer information

To improve car buyer information, Peugeot and Citroën provided their dealers with fuel-efficiency labels in early 2006, ahead of the regulatory deadline. The labels display each model's average fuel consumption and carbon emissions. In September 2007, the brands introduced new eco-labels to identify environmentally friendly cars.

Peugeot's "Blue Lion" system

Unveiled in September 2007, the Blue Lion system combines all of the measures implemented by Peugeot over the years to protect the environment. The system has already delivered real improvements:

- In 2008, 47.8% of the Peugeot passenger cars registered in Europe emitted less than 130g CO₂/km. Examples:
 - Peugeot 107 petrol 1.0 l – 50 kW (≈68hp), 106g CO₂/km,
 - Peugeot 207 hatchback 1.4 l – 50 kW (≈68hp), 117g CO₂/km,
 - Peugeot 308 hatchback 1.6 l HDi FAP – 80 kW (≈110hp) with the new BMP6 gearbox, 120g CO₂/m.
- All Peugeot vehicles are manufactured in ISO 14001-certified plants and are designed to be 95% recyclable at end-of-life.

The Blue Lion system has also been expressed in the brand's Blue Box dealership concept, which reduces the amount of windowed area to save on heating and air conditioning costs. The selling areas make extensive use of natural materials like wood, while the workshops are laid out to facilitate sorting and recycling of automobile waste.

Citroën's "AIRDREAM" eco-label

The AIRDREAM® label identifies the most environmentally friendly vehicles in the Citroën line-up in three areas:

- CO₂ performance. Fossil-fuel powered AIRDREAM® vehicles emit less than 140g CO₂/km.
- Manufacturing performance. AIRDREAM® vehicles are manufactured in ISO 14001-certified plants.
- Materials performance. AIRDREAM® vehicles are designed to be 95% recyclable at end-of-life, including resource recovery and the use of some materials as fuel in waste-to-energy plants;

Responsible Communications Charter

In 2007, the Group prepared a responsible communications charter to ensure that corporate social responsibility concerns – such as respect for people, the environment and awareness of the economic issues involved in buying a car – are taken into account in its advertising.



The PSA Peugeot Citroën responsible communications charter is available on the Group's sustainable development website.

The charter applies to all of the advertising produced by the Group, the brands, regional offices or dealer networks, including TV, online and print advertising, events and POS displays and collaterals, regardless of target audience, media or country.

Available in French, English, Spanish and Chinese, the charter has been distributed since 2008 to Group and brand teams involved in communication, marketing, legal affairs, procurement and other departments, as well as to their suppliers. The deployment process has been supported by awareness-building campaigns.

The charter defines the internal process for validating advertisements with input from the operating unit and the legal affairs department, which can call in the sustainable development representative if necessary.

A trade show booth eco-design process was tested by the Group at the 2008 and 2009 Planète Durable exhibitions and by the Peugeot brand at the 2008 Paris Motor Show. The process reduces the use of

materials and encourages such environmentally friendly practices as using less floor paint, sourcing wood locally and recycling the panels. In addition, booth attendants hand out fewer paper brochures and distribute re-useable bags.

In November 2007, the Group also signed the responsible advertising charter published by France's *Union des Annonceurs* (UDA). In late 2008, PSA Peugeot Citroën shared its best practices with other signatories and presented its own charter at a UDA training workshop.



Sustainable Development Objective no. 10

Implement the PSA Peugeot Citroën Responsible Communications Charter.

- Priority action no. 10.1 (2007-2008) – Formally integrate sustainable development values in consumer advertising.

Objective: Develop Group guidelines for integrating social responsibility issues in external communication.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

Public policy and lobbying

Clearly, 2008 was shaped by the financial and economic crisis that gradually spread around the globe, with a major impact on the automobile industry.

Quickly sizing up the serious business and social consequences of this extremely difficult environment, PSA Peugeot Citroën moved swiftly to adjust production and initiate discussions with government authorities on ways to cushion the recession's negative impact. These discussions covered measures to support the automobile industry as financial markets fell into disarray and to stimulate car sales so that the situation would not be worsened by an even greater collapse in production. Measures to support new car purchases were gradually introduced in many countries, notably in Europe. Early on, it became clear that the entire industry – including suppliers – would have to be taken into account for these measures to succeed in the short and medium term. The Group put together an expanded team of technical, financial and human resources experts to manage day-to-day relations with suppliers in difficulty and contributed €200 million to the French fund to modernise automotive equipment manufacturers (FMEA).

At the same time, 2008 saw growing interest in the environmentally friendly car of the future. The issue was highlighted in discussions on passenger car CO₂ emissions standards in Europe, which were adopted in December.

The Group, along with the rest of the European automobile industry, supported the idea of adapting the regulations to all categories of car owners. During these discussions, the question of which technologies are most effective for achieving carbon freedom was addressed head on, leading to numerous exchanges with government authorities. In France, PSA Peugeot Citroën experts participated in a working group created under the aegis of the Ministries of Industry and the Environment to define a framework conducive to the emergence of a market for carbon-free automobiles. PSA Peugeot Citroën supported a pragmatic approach that would allow for a range of vehicles adapted to each type of use and each region. As concerns biofuels, the Group's position is outlined in section 2.1.3 above.

In Europe, the European Investment Bank's support for R&D programmes will clearly help to preserve the future given today's very limited financing capacity, as will the €3 billion loan granted to PSA Peugeot Citroën by the French government in early 2009 and the demonstrator fund managed by France's Agency for the Environment and Energy Management (ADEME) to promote innovative projects.



2

PRODUCTS

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3

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ENVIRONMENT

3.1 Greenhouse effect	59	3.4 Recycling	70
3.1.1 Direct and indirect energy consumption	59	3.4.1 Total weight of waste by type and disposal method	70
3.1.2 Greenhouse gas emissions	62	3.4.2 Transported waste shipped internationally	74
3.1.3 Indirect greenhouse gas emissions	64	3.5 Natural habitats	75
3.2 Air quality	65	3.5.1 Material effluent discharge	75
3.2.1 NO ₂ , SO ₂ and VOC emissions	65	3.5.2 Accidental spills	76
3.2.2 Use and emissions of ozone-depleting substances	67	3.5.3 Biodiversity	77
3.3 Use of resources	68		
3.3.1 Total water use	68		
3.3.2 Raw materials used	70		

Methodology

The following environmental indicators comply with articles L. 225-102-1 and R. 225-105 in the French Commercial Code and with the recommendations of the Global Reporting Initiative.

The reported data concern the production plants, the main engineering and design sites and the logistics platforms of fully consolidated companies, including the Peugeot and Citroën proprietary dealership networks.

A listed company 70.86%-owned by Peugeot S.A., Faurecia manages its business independently and therefore prepares and publishes its own indicators in its annual report. The company's performance in its main indicators is presented below, however.



PSA Peugeot Citroën's environmental actions and priorities are presented in the Sustainable Development and Annual Report and in the "Our Impacts" pages of the Environment section of the Group's sustainable development website:

- Greenhouse Effect;
- Air Quality;
- Resource Use;
- Recycling;
- Natural Habitats.

Certain 2007 results have been restated to reflect more detailed data reported after their publication in 2008. The restatements have been explained each time the difference with last year's published figure exceeded 1%.

Scope of reporting and coverage

Three PCI sites were transferred to PCA in 2007: Meudon was consolidated with Vélizy, while operations at Rheu and Étupes were transferred, respectively, to the Rennes and Sochaux plants. As a result, PCI data concerned just a single site in 2007, in Saint-Étienne.

2007 indicators also reflect the first-time reporting of data from Automobiles Peugeot and Automobiles Citroën (AP/AC).

The scope of reporting covers each brand's proprietary dealership network.

The list of subsidiaries reporting data in 2008 is below. A number of changes in data reporting were observed compared with 2007 that did not correspond to subsidiary openings or closings:

- Compared with 2007, the findings for 2008 include the following additional subsidiaries: Citroën Russia, Peugeot South Africa, Peugeot Algeria, Peugeot Argentina, Peugeot Brazil, Peugeot Chile, Peugeot China and Peugeot Turkey.
- Compared with 2007, the findings for 2008 exclude the following subsidiaries: Citroën Argentina, Peugeot Slovakia.

The Peugeot subsidiary in Mexico reported no data in 2007 or 2008.

Unlike in 2006, Gefco's 2007 and 2008 indicators reflect data reported only from the logistics sites, excluding offices, the head office and outsourced operations in customer or sub-contractor facilities.

The total number of sites covered for Gefco and the Peugeot and Citroën brands has changed because of site closings, openings or relocations and the consolidation of operations.

Coverage for the Peugeot and Citroën brands and for Gefco in the methodology sections refers to all sites included in the scope of reporting, regardless of whether they are concerned by the specific indicator, and also takes into account subsidiaries that have not reported data and are therefore not listed in the table below.

Sites and subsidiaries included in the scope of reporting:

PCA (28 sites)	France	Asnières Aulnay Belchamp Caen Carrières-sous-Poissy Charleville Hérimoncourt La Ferté Vidame	La Garenne Melun-Sénart Metz Meudon Mulhouse Poissy Rennes Saint Ouen	Sept-Fons Sochaux Trémery Valenciennes Vélizy Vesoul	
	Spain	Madrid	Vigo		
	Portugal	Mangualde			
	Slovakia	Trnava			
	Brazil	Porto Real			
	Argentina	Buenos Aires			
	PCI (1 site)	France	St Etienne		
	PMTC (2 sites)	France	Dannemarie	Mandeure	
	BRANDS (45 subsidiaries)	Citroën (23 subsidiaries)	Austria Belgium Brazil Croatia Czech Republic Denmark France Germany	Hungary Italy Japan* Norway Netherlands Poland Portugal Romania	Russia Slovakia Slovenia Spain Sweden Switzerland United Kingdom
			Peugeot (22 subsidiaries)	Algeria Argentina Austria Belgium Brazil Chile China Croatia	Czech Republic France Germany Hungary Italy Netherlands Poland Portugal
* Joint subsidiary with Peugeot					
Gefco (19 subsidiaries)		Argentina Austria Benelux* Brazil Czech Republic France Germany	Hungary Italy Morocco Poland Portugal Romania Russia	Slovakia Spain Switzerland Turkey United Kingdom	
* Belgium and Netherlands					

Audit

PricewaterhouseCoopers, as Group statutory auditor, has expressed moderate assurance on the processes for the preparation of

environmental data for the production plants, Peugeot and Citroën sales subsidiaries, Gefco and Faurecia shown in the tables and charts in this chapter.

Managing the Group's industrial environment

For many years, PSA Peugeot Citroën has been engaged in assertive environmental stewardship at its production facilities. Manufacturing strategy integrates environmental protection as part of a continuous improvement process, based on a disciplined organisation, a method structured around ISO 14001 certification, the allocation of substantial

funding and an effective reporting system known as ORGE, created in 1989 and completely rebuilt in 2007. Deployed worldwide, this process efficiently manages the most significant environmental aspects of the Group's operations.

- **Priority action no. 3.2 (2006-2008) – Modernise the environmental reporting system to align it with the Group's improvement needs.**

Objective: Enhance the performance of the environmental indicators of the Group's manufacturing and sales operations by deploying an interactive, transparent reporting system.



The 10 sustainable development objectives and the results of 2008 priority actions are presented in detail in the section entitled "Sustainable Development Approach".

A corporate-level Industrial Environment Section leads and coordinates general activities in this area and manages the reporting application (ORGE), with its own capital budget. In addition, at each plant, an environmental compliance officer is backed by a dedicated service and correspondents appointed in each workshop and facility. The technical department also has environmental specialists who provide technical support for the plants, particularly during new capital projects. In all, nearly 500 people are involved in managing the Group's industrial environment on a day-to-day basis.

In 2006, Faurecia installed a database and an environmental, safety and health data reporting system for all its plants worldwide, which enable the company to track improvements in its environmental performance.

▶ An active certification policy

Environmental management systems have been introduced at all production facilities worldwide, based on ISO 14001 certification, the internationally recognised standard for environmental management and organisation.

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

Launched more than 10 years ago and now fully implemented across the production base, the certification policy is also being deployed in the technical centres, replacement parts facilities and new production sites. At year-end 2007, all of the Group's production facilities were ISO 14001-certified.

ISO 14001-certification timetable for the manufacturing plants' environmental management systems:

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

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

Five automobile production joint ventures are also certified: TPCA in Kolín, Czech Republic; DPCA in Wuhan and Xiangfan (Hubei Province), China; Sevelnord in Hordain, France; Sevelsud in Val Di Sangro, Italy; and Française de Mécanique in Douvrin, France.

- **Priority Action no. 3.3 (2006-2008) – Extend ISO 14001 standards to improve assessment of the Group's environmental footprint.**

Objective: More effectively identify and rank the environmental impacts of the Group's operations and drive improvements at all of the production plants.



The 10 sustainable development objectives and the results of 2008 priority actions are presented in detail in the section entitled "Sustainable Development Approach".

► Gefco

All of Gefco's logistics and overland, maritime and air transport businesses are ISO 9001:2000-certified. These operations are carried out through an integrated international network comprising more than 250 sites.

Following Argentina in 2007 and Slovakia in 2008, ISO 14001-certification processes are being pursued in France, Spain and Germany and will gradually be extended.

Between 2005 and 2008, Gefco chaired a commission to create a dedicated Sustainable Development Charter for logistics buildings, under the auspices of the Afilog association.

It was therefore pleased to learn that logistical platforms will now be covered by France's NF Commercial Buildings – High Environmental Quality (HQE) Procedure, which is designed to improve a building's integration into the surrounding environment, attenuate noise, structure the use of multi-modal systems and limit energy and water use. Working with appropriate partners, Gefco will strive to obtain certification for future logistics platforms to be built in France. A specific certification for existing buildings is currently being developed.

3.1 Greenhouse effect

3.1.1 Direct and indirect energy consumption

► Direct energy consumption by primary energy source

(Consolidated Group)

Unit: MWh ncv		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coal	Coke
PCA	2008	-	-	8,313	20,428	2,305,628	-	122,936
	2007	-	-	50,990	14,717	2,408,351	-	117,188
	2006	-	-	109,989	18,091	2,521,538	24,909	119,801
AP/AC	2008	-	-	1,678	35,066	191,727	-	-
	2007	-	-	562	36,100	168,617	-	-
	2006	-	-	-	-	-	-	-
PCI	2008	-	-	-	-	4,458	-	-
	2007	-	-	-	-	4,880	-	-
	2006	-	-	-	-	15,665	-	-
PMTC	2008	-	-	-	29	23,113	-	-
	2007	-	-	-	2	24,214	-	-
	2006	-	-	-	2	30,605	-	-
Gefco	2008	-	-	-	3,924	50,832	-	-
	2007	-	-	-	18,386	41,954	-	-
	2006	-	-	-	24,252	50,315	-	-
TOTAL	2008	0	0	9,991	59,447	2,575,758	0	122,936
	2007	0	0	51,552	69,205	2,648,016	0	117,188
	2006	0	0	109,989	42,345	2,618,123	24,909	119,801
Faurecia	2008	4	103	980	10,174	650,863	-	-
	2007	12	85	983	9,363	650,865	-	-
	2006	4	118	1,113	12,083	641,829	-	-

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.

PCI's natural gas consumption in 2007 was revised upwards by 27% after data from the Saint-Etienne site was corrected.

The increase in consumption of VLSFO for the Peugeot and Citroën brands was due to the integration of data from sites that burn large quantities of this type of oil.

Until 2007, Gefco France's LPG consumption was included in the HHO category. Correcting this resulted in significant changes in consumption levels between 2007 and 2008 in both categories.

ENVIRONMENT

3.1 Greenhouse effect | 3.1.1 Direct and indirect energy consumption

▶ Direct energy consumption by secondary energy source

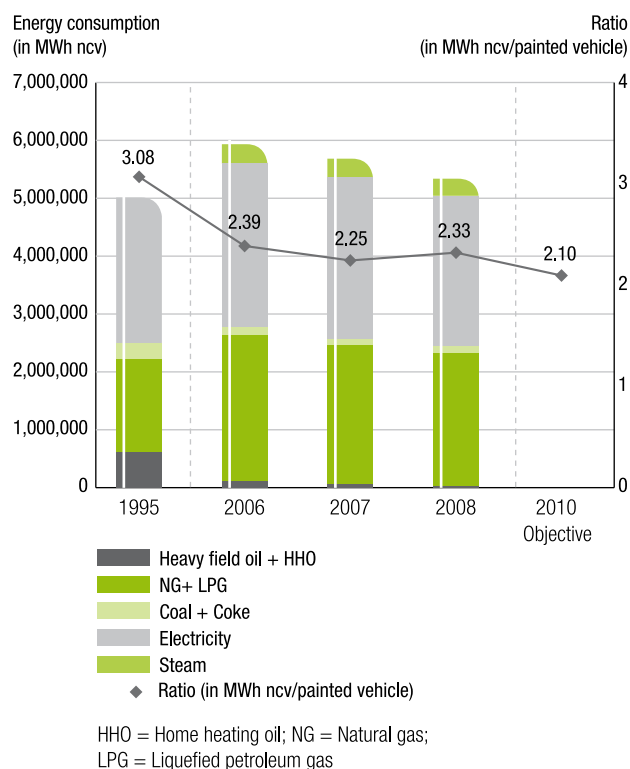
(Consolidated Group)

Unit: MWh		Electricity	Steam
PCA	2008	2,601,683	299,828
	2007	2,794,310	321,162
	2006	2,825,163	332,686
AP/AC	2008	157,673	16,809
	2007	163,752	9,007
	2006	-	-
PCI	2008	1,473	-
	2007	2,138	-
	2006	13,574	-
PMTC	2008	13,849	-
	2007	16,155	-
	2006	17,392	-
Gefco	2008	65,927	-
	2007	49,289	-
	2006	52,872	-
TOTAL	2008	2,840,605	316,637
	2007	3,025,644	330,169
	2006	2,909,001	332,686
Faurecia	2008	1,063,532	19,876
	2007	1,080,257	22,151
	2006	1,012,545	34,108

Improvements in Gefco's environmental data collection system have enabled electricity consumption to be assessed more accurately, resulting in an apparent increase in the amount consumed.

Energy consumption

(PCA)



Energy use rose sharply from 1995 to 2006, reflecting:

- the increase in PCA's automobile output;
- the production of engines for other carmakers;
- the increased used of water-based paints, which reduce VOC emissions but require more electricity in the drying phase;
- the increase in the scope of reporting.

Methodology

Calculating energy consumption

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

In the chart showing PCA energy consumption, the consumption figures and the target include energy used by the Group's integrated foundries.

Energy use data are reported from the meter readings for energy delivered to each PCA site.

Data from the Citroën and Peugeot brands concern 92% of their sites in 2008, versus 96% in 2007. Coverage is calculated on the basis of total direct consumption of primary and secondary energy.

Over the years, the Group's energy profile has been improved by the implementation of energy management policies, the deployment of energy-saving programs (to build employee awareness, install metering and automated systems and share best practices) and upgrades of heating plants (to replace oil-fired boilers with natural gas units).

In 2008, the second-half decline in business, as well as stronger measures to treat VOCs using thermal oxidation units at the three plants in Spain and Portugal, led to a slight 3% increase in energy consumption per painted vehicle.

Geographically, 95% of the Group's energy in 2008 was used in Europe and 5% in the rest of the world.



Sustainable Development Objective no. 3

Reduce the average energy used per vehicle produced in our manufacturing facilities.

Target: 2.1 MWh ncv per vehicle in 2010.

- Priority Action no. 3.1 – Reduce energy use in vehicle production.



The 10 sustainable development objectives and the results of 2008 priority actions are presented in detail in the section entitled "Sustainable Development Approach".

Gefco 2008 data are reported from an average of 96% of sites for direct consumption of primary energy (91% in 2007) and 88% of sites for direct consumption of secondary energy (90% in 2007 and 87% in 2006).

Most of the sites that did not report data are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

All of Faurecia's sites have reported data since 2007. To provide equivalent 2006 comparatives, data have been adjusted for their coverage rate (97%, based on the number of employees covered).

3.1.2 Greenhouse gas emissions

▶ Direct greenhouse gas emissions by weight

(Consolidated Group)

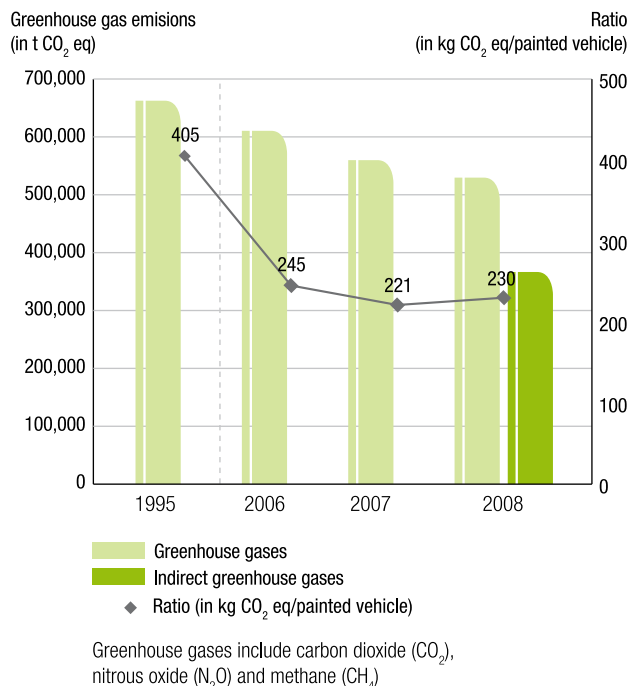
Unit: tonnes		CO ₂	N ₂ O	CH ₄	Total CO ₂ equivalent
PCA	2008	522,242	20.9	33.3	529,425
	2007	552,020	22.1	35.2	559,601
	2006	602,106	23.8	38.8	610,285
AP/AC	2008	49,343	1.9	3.0	50,002
	2007	44,483	1.7	2.6	45,068
	2006	-	-	-	-
PCI	2008	916	0.0	0.1	930
	2007	1,003	0.0	0.1	1,018
	2006	3,220	0.1	0.2	3,268
PMTC	2008	4,759	0.2	0.3	4,830
	2007	4,978	0.2	0.4	5,053
	2006	6,291	0.3	0.4	6,386
Gefco	2008	11,648	0.5	0.7	11,811
	2007	13,591	0.5	0.7	13,755
	2006	16,740	0.6	0.9	16,938
TOTAL	2008	588,908	23.6	37.4	596,999
	2007	616,075	24.5	38.9	624,495
	2006	628,357	24.8	40.4	636,878
Faurecia	2008	138,374	5.9	8.8	140,393
	2007	136,922	5.9	9.4	138,955
	2006	135,538	5.9	9.3	137,548

CO₂ = Carbon dioxide; N₂O = Nitrous oxide; CH₄ = Methane.

PCI's 2007 greenhouse gas emissions were recalculated to reflect adjusted natural gas consumption data.

Greenhouse gas emissions, 1995-2008

(PCA)



Greenhouse gases include carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄).

Since 1990, programs to upgrade installations, shift from oil and fuel to natural gas, develop CHP plants and scale back energy use have helped to improve energy efficiency and reduce greenhouse gas emissions, which on a per-vehicle produced basis have been almost halved since 1995.

Geographically, 94% of the Group's direct greenhouse gases in 2008 were emitted in Europe and 6% in the rest of the world.

Methodology

Calculating direct greenhouse gas emissions

Direct greenhouse gas emissions are calculated using consumption data for fossil fuels (fuel-oil, coal, coke and gas) and applying international emission factors recommended by French authorities (ruling of 31 March 2008 for CO₂ and circular of 15 April 2002 for all other gases).

To be compared and consolidated with CO₂ emissions, N₂O and CH₄ emissions have been expressed in terms of CO₂ equivalent.

The Global Warming Potential (GWP) coefficients are 310 for N₂O and 21 for CH₄, in line with recommendations issued by the Centre Interprofessionnel Technique d'Études de la Pollution Atmosphérique (CITEPA) and the 1995 IPCC Report.

Coverage rates for direct emissions of greenhouse gases are the same as those for direct energy consumption in primary energy source in the Methodology section entitled "Calculating energy consumption".

Participation in the carbon emission allowance scheme

(Transposition of European Directive 2003/87/EC of 13 October 2003)

For the first period (2005-2007), seven plants in France, two in Spain and one in the UK (until operations were terminated in 2006) with combustion installations whose rated thermal input exceeds 20 MW were covered by the initial carbon emission allowance scheme set up in application of the European Union directive on greenhouse gas emissions trading.

The plants' emissions were actually lower than the allocated targets – which were set on the basis of an inventory of the plants' emissions from 1996-2002 – thereby resulting in surplus allowances. This performance is the result of a reduction in CO₂ emissions per painted vehicle, reflecting both the substantial investment in recent years to improve efficiency at installations rated over 20 MW and the implementation of an energy management strategy at all of the manufacturing facilities.

ENVIRONMENT

3.1 Greenhouse effect | 3.1.3 Indirect greenhouse gas emissions

For the second period (2008-2012), eight PCA units with combustion installations whose rated thermal input exceeds 20 MW are covered by the carbon emission allowance scheme on greenhouse gas emissions trading:

- 6 units in France (Sochaux, Mulhouse, Rennes, Poissy, Vesoul and Vélizy);
- 2 units in Spain (Madrid and Vigo).

With the modernisation of its central heating plant, La Garenne has reduced its rated capacity to less than 20 MW.

Changes in the allowance allocation procedure will reduce the annual allocation to Group sites by 21% in France (based on the reduction rate applicable to “other combustion installations”) and increase it by 12% in Spain (reflecting the higher output at the Vigo plant). Overall, the annual allowance allocation for the eight plants in Europe will be decreased by 18% but remain sufficient to cover actual emissions.

Annual emissions are calculated on the basis of energy use, according to a method prescribed by regulations and verified by a certified organisation.

3.1.3 Indirect greenhouse gas emissions

▶ Indirect CO₂ Emissions

Unit: tonnes

PCA	2008	366,434
AP/AC	2008	N/A
PCI	2008	63
PMTC	2008	589
Gefco	2008	N/A
TOTAL	2008	367,085
Faurecia	2008	N/A

N/A: consolidation not available.

2008 is the first year that indirect greenhouse gas emissions from plants have been consolidated.

▶ Fuel consumption and CO₂ emissions in logistics operations

	2006		2007		2008		% change	No. of lorries			% change vs. 2007
	(cu.m)	CO ₂ (kg)	(cu.m)	CO ₂ (kg)	(cu.m)	CO ₂ (kg)		2006	2007	2008	
Argentina	850	2,261,000	1,222	3,250,520	1,583	4,211,091	30%	24	46	33	-28%
Benelux	1,896	5,043,360	2,093	5,567,380	1,775	4,721,021	-15%	59	57	47	-18%
France	17,468	46,464,880	16,968	45,134,848	16,913	44,988,101	0%	664	620	569	-8%
Switzerland	420	1,118,317	311	827,260	292	777,013	-6%	12	10	10	0%
United Kingdom	N/A	N/A	1,294	3,441,551	1,376	3,661,224	6%	67	67	66	-1%
Russia	N/R	N/R	372	989,520	372	989,520	0%	N/R	7	7	0%
TOTAL	20,634	54,887,557	22,260	59,211,079	22,311	59,347,970	0%	826	807	732	-2%

N/R: Not relevant.

N/A: Not available.

In Argentina, production rose sharply in the first part of the year, followed by a steep decline. As a result, the number of lorries decreased significantly beginning in November.

A program to overhaul and reduce lorry fleets is underway in Benelux and France.

The total proportion of Gefco freight carried by alternative modes to road transport remained at 25% in 2008, versus an average 17% for the European industry as a whole.

Methodology

Calculating indirect greenhouse gas emissions

Indirect greenhouse gas emissions (CO₂) are calculated based on applying emissions factors obtained from suppliers to the purchased electricity and steam.

Measuring CO₂ emissions in logistics operations

Gefco calculates its carbon emissions based on fuel consumption, using CITEPA recommended conversion factors.

3.2 Air quality

3.2.1 NO₂, SO₂ and VOC emissions

Direct SO₂ and NO₂ emissions by business

(Consolidated Group)

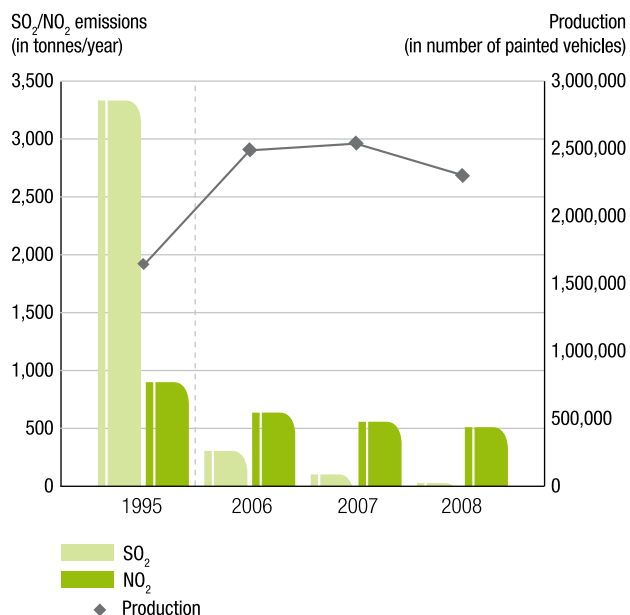
Unit: tonnes		SO ₂	NO ₂
PCA	2008	26.6	510.5
	2007	101.7	556.7
	2006	304.8	636.4
AP/AC	2008	15.4	55.1
	2007	13.7	49.8
	2006	-	-
PCI	2008	0.0	1.0
	2007	0.0	1.1
	2006	0.0	3.4
PMTC	2008	0.1	5.0
	2007	0.1	5.2
	2006	0.1	6.6
Gefco	2008	1.5	12.4
	2007	6.4	15.7
	2006	8.4	19.6
TOTAL	2008	43.6	583.9
	2007	121.9	628.4
	2006	313.3	666.0
Faurecia	2008	7.3	144.9
	2007	8.3	144.6
	2006	7.9	143.7

SO₂ = Sulphur dioxide; NO₂ = Nitrogen dioxide.

PCI's SO₂ and NO₂ greenhouse gas emissions in 2007 were recalculated to reflect adjusted natural gas consumption data.

Direct SO₂ and NO₂ emissions, 1995-2008

(PCA)



SO₂ = Sulphur dioxide; NO₂ = Nitrogen dioxide

The Group's assertive commitment to replacing fuel oil by natural gas whenever possible and buying more cogenerated steam has resulted in a spectacular decline in NO₂ and SO₂ emissions since 1995, with reductions of, respectively, 43% and 99% over the period. These improvements have helped to improve air quality on Group sites.

The Rennes and Sochaux plants have begun phasing out the use of heavy fuel oil, thereby reducing SO₂ emissions to very low levels.

NO₂ emissions, which are generated primarily from the burning of natural gas, are now beginning to peak thanks to the Group's energy management policies, and are expected to stabilise at around 500 tonnes a year.

Methodology

Calculating SO₂ and NO₂ emissions

NO₂ and SO₂ emissions are calculated using consumption data for fossil fuels (fuel-oil, coal, coke and gas) and applying international emission factors. Figures for fuel sulphur content are as measured or, failing this, as stated in regulations.

Coverage rates for SO₂ and NO₂ emissions are the same as those for direct energy consumption in primary energy source in the Methodology section entitled "Calculating energy consumption".

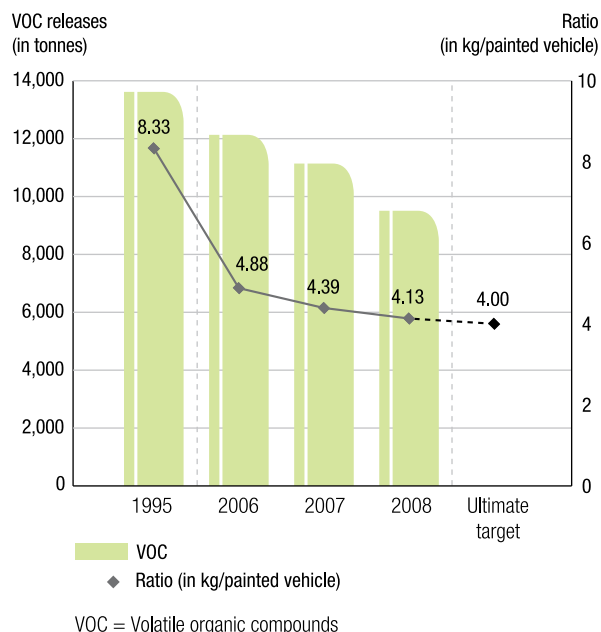
Paintshop VOC releases by business

		VOC (tonnes)	Ratio (in kg/painted vehicle)
PCA	2008	9,505	4.13
	2007	11,136	4.39
	2006	12,128	4.88
PMTIC	2008	12	
	2007	101	
	2006	89	
TOTAL	2008	9,517	
	2007	11,237	
	2006	12,217	

VOC = Volatile Organic Compounds

► Paintshop VOC releases, 1995-2008

(PCA)



In France, the Group's automobile assembly plants account for less than 1% of total volatile organic compound (VOC) emissions produced by human activity (In 2006, human activity produced 1,336 kt of released VOCs, source: CITEPA).

PSA Peugeot Citroën's VOC emissions per painted vehicle have been halved since 1995. The ultimate goal is to lower per-vehicle releases to 4.0 kg through the continued systematic implementation of the best, most cost-effective technologies. Examples include:

- shifting to water-based paints;
- optimising robotic painting processes and operating conditions;
- installing thermal oxidation units.

This same process is being applied at the Sochaux, Mulhouse and Caen mechanical component plants, where existing production facilities are being brought into compliance with European directives on VOCs and end-of-life vehicles (elimination of chromium VI).

All of the European plants comply with release standards set in the European directive.

Geographically, 90% of the Group's VOCs in 2008 were emitted in Europe and 10% in the rest of the world.

► Methodology

Calculating VOC emissions

VOC emissions from PCA and PMTC paintshops are calculated using the materials balance method, in compliance with European directive 1999/13/EC on the limitation of emissions of volatile organic

compounds due to the use of organic solvents in certain activities and installations.

3.2.2 Use and emissions of ozone-depleting substances

► Use and emissions of ozone-depleting substances

Reducing emissions of ozone-depleting gases is a key concern in the Group's Environmental Management System.

While the use of trichloroethane and halon was discontinued between 1999 and 2003, CFCs and HFCs are still present in some refrigerating units used to cool production resources (such as machine tool cutting fluids), electrical control enclosures or workplace areas.

Leak-tightness of installations containing ozone-depleting fluids is checked every year and corrective action is taken in the event leaks are detected. CFCs and HFCs are being replaced by fluids that respect the ozone layer.



3.3 Use of resources

3.3.1 Total water use

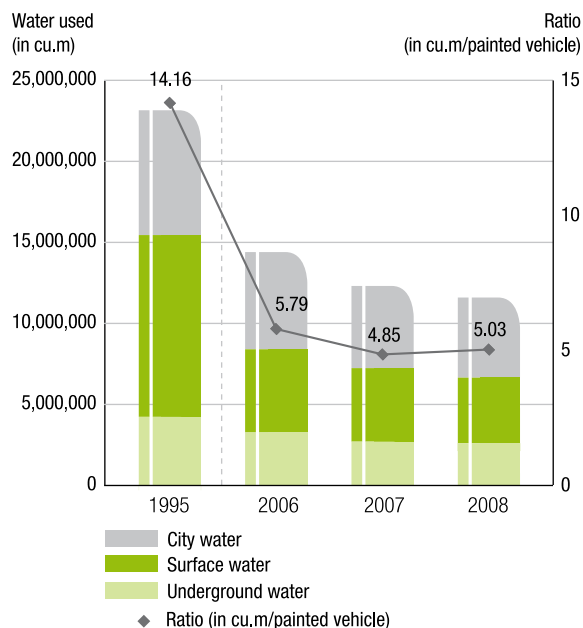
▣ Total annual water withdrawal by source and by business

(Consolidated Group)

Unit: cu.m		City water	Surface water	Underground water	TOTAL
PCA	2008	2,611,790	4,036,944	4,943,993	11,592,727
	2007	2,703,266	4,534,027	5,069,449	12,306,742
	2006	3,270,583	5,128,452	5,997,563	14,396,598
AP/AC	2008	732,905	9,140	6,554	748,599
	2007	744,993	11,298	6,551	762,842
	2006	-	-	-	0
PCI	2008	2,684	-	-	2,684
	2007	4,104	-	-	4,104
	2006	20,307	-	-	20,307
PMTC	2008	12,914	11,604	-	24,518
	2007	10,817	12,280	-	23,097
	2006	12,553	24,610	-	37,163
Gefco	2008	201,060	286	28,079	229,425
	2007	231,183	291	25,702	257,176
	2006	185,777	-	22,840	208,617
TOTAL	2008	3,561,353	4,057,974	4,978,626	12,597,953
	2007	3,694,363	4,557,896	5,101,702	13,353,961
	2006	3,489,220	5,153,062	6,020,403	14,662,685
Faurecia	2008	1,368,065	944,179	415,166	2,727,410
	2007	1,409,523	906,093	518,739	2,834,355
	2006	1,333,316	1,106,803	554,165	2,994,284

▶ Total water withdrawal by source, 1995-2008

(PCA)



Launched in 1995, the program to reduce water use, in particular through the deployment and upgrading of recycling systems, was pursued, resulting in a 6% reduction of water withdrawals in 2008 compared with the previous year.

Unfortunately, the sudden year-end drop in production led to a slight deterioration in the ratio, which rose 4% to 5.03 cu.m per painted vehicle in 2008.

However, for the period 1995-2008, water withdrawals per painted vehicle have been reduced by a factor of 2.8.

Geographically, 93% of the Group's water in 2008 was withdrawn in Europe and 7% in the rest of the world.

▶ Annual water withdrawals from the water table

The concept of available resources is specific to each site. Impact studies include an analysis to determine the future facility's water requirements, such as how much river water will need to be withdrawn.

When there is a risk of depleting water sources, programs are undertaken to reduce withdrawals to a minimum.

This is how the Aulnay and Rennes plants produced very good results in 2008, with respectively 1.7 cu.m and 1.8 cu.m per painted vehicle.

▶ Methodology

Calculating water use

Water withdrawn is calculated based on meter readings from the PCA sites.

Gefco data were reported from 70% of the company's sites, compared with 84% in 2007 and 78% in 2006. Most of the sites that did not report data are leased facilities, whose consumption figures are included in rental expense and were therefore unavailable for reporting.

Data from the Citroën and Peugeot brands concern 84% of their sites in 2008, versus 93% in 2007.

All of Faurecia's sites have reported data since 2007. To provide equivalent 2006 comparatives, data have been adjusted for their coverage rate (97%, based on the number of employees covered).

3.3.2 Raw materials used

Raw materials used

The Group estimates its 2008 raw materials use as follows:

- Direct: 1,140,000 tonnes of steel and 50,000 tonnes of non-ferrous metals.
- Indirect: 1,860,000 tonnes of steel, 270,000 tonnes of non-ferrous metals and 630,000 tonnes of synthetics (of which 11,000 tonnes of recycled materials).

3.4 Recycling

3.4.1 Total weight of waste by type and disposal method

Total weight of waste by business

(PCA in 2008)

In 2008, sites produced around 1,034,200 tonnes of waste.

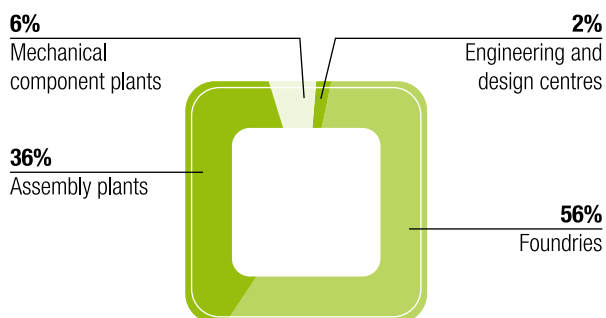
Most of this (675,500 tonnes) was metal waste, which is not included in the charts and tables below because all of it is recovered as a byproduct and reused either in steel mills or, for around 136,500 tonnes, directly in the Group's foundries.

In addition, Group foundries purchased 46,300 tonnes of outside metal waste for reuse in 2008.

The other process waste, totalling 358,700 tonnes, breaks down very unevenly by facility as follows: 202,180 tonnes from foundries, 128,420 tonnes from assembly plants, 22,123 tonnes from mechanical component plants and 5,936 tonnes from engineering and design centres.

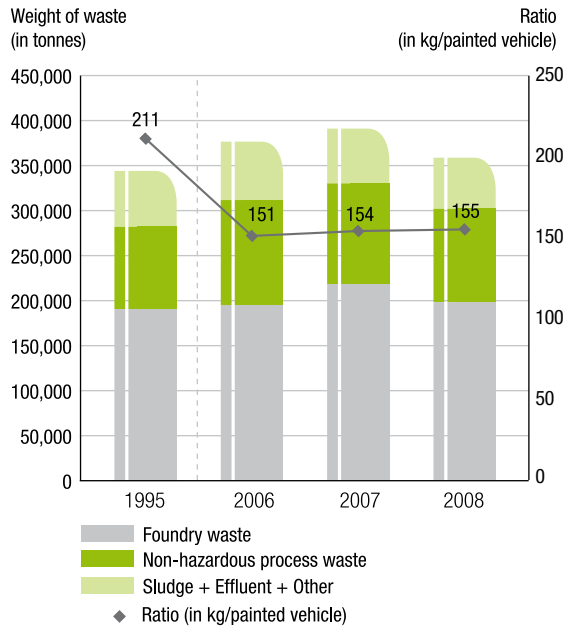
Waste production by facility

(PCA in 2008, excluding metal waste)

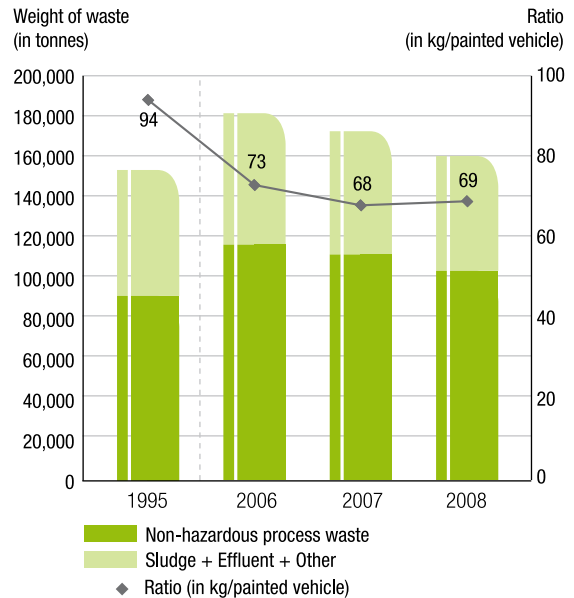


▶ Total weight of waste by type, 1995-2008

PCA (excluding metal waste, nearly 100% of which is recycled)



PCA (excluding foundry waste and metal waste, nearly 100% of which is recycled)



Geographically, 92% of the Group's waste in 2008 was produced in Europe and 8% in the rest of the world.

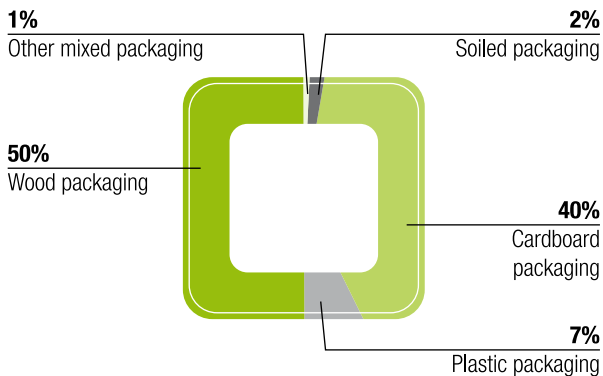
The rise in waste volumes was due in very large part to the increase in business activity at the Group's foundries. The Charleville and Sept-Fons foundries alone accounted for more than half of total waste volumes.

The quantity of waste generated per painted vehicle is between 150 and 155 kg.

The quantity of waste generated per painted vehicle is around 70 kg, excluding foundry waste.

▶ Packaging waste

(PCA in 2008)

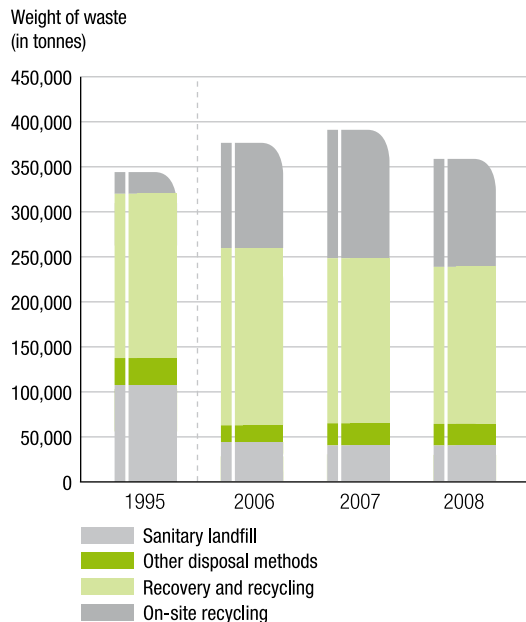


Primarily composed of wood and cardboard, packaging waste accounted for 64,400 tonnes, or 18%, of total non-metal waste produced in 2008. A full 98% is classified as non-hazardous process waste.

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▶ Total weight of waste by disposal method, 1995-2008

PCA (excluding metal waste, nearly 100% of which is recycled)



Improved on-site waste management systems have considerably increased the percentage of waste that is recovered or recycled, resulting in a 62% reduction in landfilled waste between 1995 and 2008. Today, only 11% of waste is landfilled, while 82% is recovered or recycled.

Much of this progress has been driven by the on-site reuse of spent foundry sand, which has increased fivefold over the period.

When metal waste is taken into account, PCA plants reclaim or recycle around 94% of their process waste.

▶ Total weight of waste by type and disposal method

(PCA)

Unit: tonnes		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	TOTAL
Foundry waste	2008	15,734	64,605	117,927	49	198,315
	2007	14,707	64,831	138,838	30	218,405
	2006	9,651	73,549	111,755	82	195,037
Non-hazardous process waste	2008	18,200	83,046	1,985	402	103,634
	2007	19,397	87,069	3,705	1,547	111,719
	2006	21,217	89,921	5,001	438	116,578
Sludge + effluent + hazardous process waste	2008	6,523	26,716	-	23,473	56,711
	2007	6,392	31,470	0	22,968	60,830
	2006	13,406	33,404	75	17,985	64,869
TOTAL	2008	40,457	174,367	119,912	23,924	358,660
	2007	40,496	183,370	142,543	24,545	390,954
	2006	44,273	196,874	116,831	18,505	376,483

The table does not include the 675,500 tonnes of metal waste produced in 2008, almost all of which was recycled.

3.4 Recycling | 3.4.1 Total weight of waste by type and disposal method

(Automobiles Peugeot and Automobiles Citroën)

Unit: tonnes		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	2008	11,309	8,430	739	20,479
	2007	11,954	5,611	1,672	19,236
	2006	-	-	-	-
Sludge + effluent + hazardous process waste	2008	1,331	2,781	922	5,034
	2007	2,132	2,207	883	5,223
	2006	-	-	-	-
TOTAL	2008	12,640	11,211	1,661	25,512
	2007	14,085	7,819	2,555	24,459
	2006	-	-	-	-

This table does not include the 3,900 tonnes of metal waste produced in 2008, 72% of which was recycled during the year.

(PCI and PMTC)

Unit: tonnes		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Foundry waste	2008	-	-	227	227
	2007	-	-	407	407
	2006	-	-	217	217
Non-hazardous process waste	2008	220	885	-	1,105
	2007	339	1,140	-	1,479
	2006	523	1,895	83	2,500
Sludge + effluent + hazardous process waste	2008	11	186	589	785
	2007	5	220	889	1,114
	2006	8	234	870	1,112
TOTAL	2008	231	1,070	816	2,117
	2007	344	1,361	1,296	3,001
	2006	531	2,128	1,170	3,828

The table above does not include the 400 tonnes of metal waste produced in 2008, almost all of which was recycled.

(Gefco)

Unit: tonnes		Landfill	Recovery and recycling	Other disposal methods	TOTAL
Non-hazardous process waste	2008	5,645	3,891	324	9,860
	2007	6,596	4,542	1,725	12,863
	2006	6,988	6,456	320	13,765
Sludge + effluent + hazardous process waste	2008	438	1,001	124	1,563
	2007	61	8	135	204
	2006	218	1,330	255	1,803
TOTAL	2008	6,083	4,892	448	11,423
	2007	6,657	4,550	1,860	13,067
	2006	7,206	7,786	576	15,568

Data in the above table do not include the 375 tonnes of metal waste produced in 2008, nearly 95% of which was recycled.

(Faurecia)

Unit: tonnes		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	TOTAL
TOTAL	2008	71,093	44,220	9,387	16,990	141,690
	2007	64,362	33,222	7,085	10,959	115,628
	2006	56,690	56,217	6,532	6,009	125,448

The table does not include the 71,800 tonnes of metal waste produced in 2008, almost all of which was recycled.

Methodology

Calculating the weight of waste produced

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

Data from the Citroën and Peugeot brands concern 82% of their sites in 2008, versus 94% in 2007.

Data from Gefco concerned an average 70% of its sites in 2008, versus 83% in 2007 and 74% in 2006.

Most of the sites that did not report data are smaller facilities located outside France, where waste is managed by municipal sanitation departments. As a result, the related tonnages are not available.

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

All of Faurecia's sites have reported data since 2007. To provide equivalent 2006 comparatives, data have been adjusted for their coverage rate (96%, based on the number of employees covered).

Definitions of waste disposal methods

Recovery and recycling:

- Resource recovery involves reclaiming resources for use in a different application (e.g. recovering foundry sand for use in road building).
- Recycling involves reclaiming resources for use in the same application (e.g. repairing wooden pallets).
- Energy recovery involves burning the waste as fuel to generate steam or electricity.

Landfilling involves storing or burying waste. Landfills are classified according to the type of waste as hazardous, non-hazardous or inert.

Other disposal methods:

- Incineration without energy recovery.
- Physical/chemical treatments, such as neutralisation, oxidation-reduction and metal precipitation.
- Biological treatments, such as aerobic or anaerobic decomposition.

3.4.2 Transported waste shipped internationally

Transported waste shipped internationally in 2008

In 2008, less than 0.3% of total waste produced (excluding metal waste) was shipped from France to other EU member states (Belgium and Germany). This waste included:

- various types of sludge (763 tonnes);
- soiled metal and plastic packaging (193 tonnes);
- spent filter media (87 tonnes);
- special cardboard packaging (4 tonnes).

Disposal involved resource recovery processes that were selected, in the same way as other recovery methods, following a positive assessment of their reliability.

Outside France, facilities in Portugal shipped waste to EU member states (Spain). This waste, which amounted to less than 0.1% of total non-metal waste produced during the year, comprised:

- various types of sludge (160 tonnes);
- other hazardous waste (13 tonnes).

These shipments were intended to take advantage of more appropriate disposal methods, which were also more efficient than the methods available locally.

3.5 Natural habitats

3.5.1 Material effluent discharge

▣ Gross effluent discharge, ex-works

(Consolidated Group)

Unit: kg/year		COD	BOD5	SM
PCA	2008	2,351,932	705,537	661,771
	2007	2,459,755	747,668	663,813
	2006	2,926,580	1,085,337	587,958
AP/AC	2008	N/R	N/R	N/R
	2007	N/R	N/R	N/R
	2006	N/R	N/R	N/R
PCI	2008	N/R	N/R	N/R
	2007	N/R	N/R	N/R
	2006	N/R	N/R	N/R
PMTC	2008	536	122	83
	2007	1,119	322	72
	2006	1,456	544	109
Gefco	2008	N/R	N/R	N/R
	2007	N/R	N/R	N/R
	2006	N/R	N/R	N/R
TOTAL	2008	2,352,468	705,659	661,854
	2007	2,460,874	747,990	663,885
	2006	2,928,036	1,085,881	588,067
Faurecia			Not available	

COD= Chemical oxygen demand.

BOD5= Biochemical oxygen demand after 5 days.

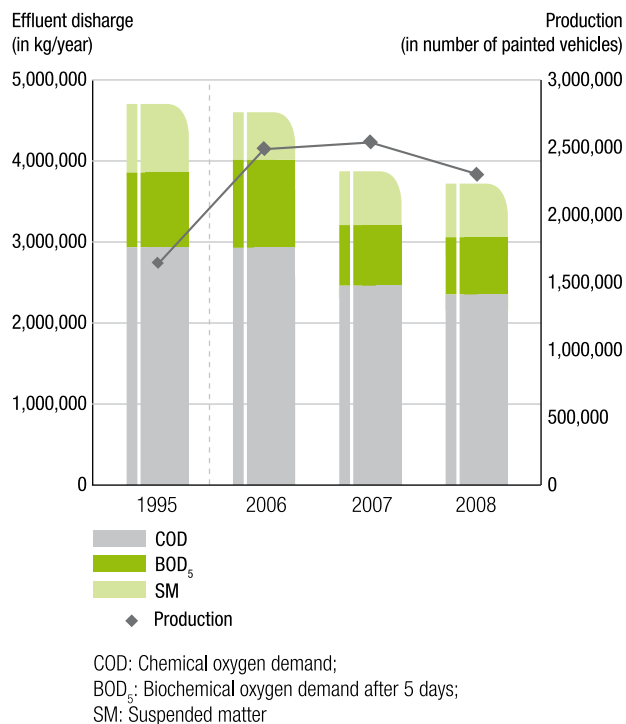
SM= Suspended matter.

N/R= not relevant.

Before release into the environment, 9% of these discharges are treated in an integrated plant and 91% are further treated in a public wastewater plant.

▣ Gross effluent discharge, ex-works, 1995-2008

(PCA)



Whether connected to the public wastewater treatment network or equipped with their own integrated treatment plant, each facility systematically tracks releases using indicators, defined in the operating permits. In particular these include chemical oxygen demand, biochemical oxygen demand after 5 days and suspended matter.

Efficient on-site effluent management, in particular by expanding and optimising wastewater treatment facilities, drove a considerable improvement in the quality of process effluent between 1995 and 2008.

In 2008, none of the facilities exceeded the maximum limits stipulated in their authorisations.

Geographically, 98% of the Group's process effluent in 2008 was released in Europe and 2% in the rest of the world.

▣ Methodology

Calculating effluent discharge

The effluent discharge performance indicator measures the gross annual discharge by sites that carry out regular self-monitoring, which account for 95% of all the water withdrawn by PCA facilities.

Since 2007, effluent discharge has been expressed in annual rather than daily terms, with 1995 to 2006 data adjusted accordingly.

Annual discharge is measured using an in-house standard, based on the new procedure for calculating pollution fees charged by France's Water Agencies, applicable since 1 January 2008.

3.5.2 Accidental spills

▣ Accidental spills in 2008

In 2008, several production facility incidents were reported to the Regional Authorities for Industry, Research and the Environment (DRIRE). These included a fire in the Aulnay paintshop during summer maintenance; a fire in offices in the assembly shop in Trnava; a fire in an oil transformer at Sept-Fons; a refrigerant fluid leak following the malfunction of a refrigerating unit in Sochaux; spillage of a PCB retention basin and the accidental transfer of PCBs in the integrated oil treatment plant in Mulhouse. All of these incidents were effectively controlled by local emergency response crews and did not result in any off-site discharge.

In addition, cutting fluid at the Caen plant was accidentally spilled into the community surge basin. The plant notified local authorities, who tracked the treatment and rehabilitation work carried out by plant teams.

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

▶ Amount of penalties paid following a legal ruling concerning the environment

The Group did not have to pay any penalties in this regard in 2008.

3.5.3 Biodiversity

▶ Respecting the biological balance and managing odours and noise

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

Most Group facilities are located in suburban industrial parks. There are no facilities located in wetlands (as defined under the Ramsar Convention) or in areas that are specially regulated for the protection of flora and fauna (natural parks, Natura 2000 areas, nature reserves, areas covered by decrees on biotopes, etc.).

A few sites, such as Charleville, La Ferté-Vidame, Mulhouse, Poissy, Rennes, Vesoul and Sept-Fons, are located near areas of this type. So far, however, their presence has not had any identifiable impact on the nearby natural habitats.

Forests located on the edge of the Belchamp and La Ferté Vidame facilities have earned Pan-European Forest Certification (PEFC) for their sustainable forest management practices.

3

ENVIRONMENT

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4

SOCIAL
AND SOCIETY

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Methodology

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Data are reported annually by every subsidiary around the world via a dedicated social reporting system, in full compliance with France's NRE legislation and Global Reporting Initiative recommendations.

For each indicator in the following document, information is provided about the results or the programmes underway. For reasons of space, however, information about calculation procedures and reference agreements has been omitted.

The definitions used are those found in international standards and are available upon request, as are the ILO agreement references.



PSA Peugeot Citroën's social policies are presented in the Sustainable Development and Annual Report and in the Employees section of the Group's sustainable development website:

- Dialogue;
- Human Rights & Ethics;
- Working conditions;
- Employment;
- Remuneration.

Scope of reporting

With the exception of certain indicators concerning employee numbers and hiring, the indicators presented below have been prepared on the basis of data from all the companies fully consolidated by PSA Peugeot Citroën, other than Faurecia, the Automotive Equipment Division.

Faurecia, a listed company 70.86%-owned by Peugeot S.A., manages its business independently and therefore prepares and publishes its own human resources and other indicators in its annual report. Consequently, the policies described in this chapter do not concern Faurecia.

The "Automobile Division" includes the automobile manufacturing operations and Peugeot S.A.

Employees of the Peugeot S.A. holding company are included in data for the Automobile Division.

The "other businesses" comprise SCEMM, PMTC France, PMTC Germany and PMTC Italy.

The scope of reporting does not include employees of joint-ventures with Dongfeng (DPCA), Toyota (TCPA), Fiat (Sevelnord and Sevelsud) and Renault (Française de Mécanique).

The "production organisation" includes all of the Group's automobile production plants, mechanical component plants and foundries. "Offices and R&D facilities" refers to Group's offices and automotive innovation and research facilities. The "sales organisation" comprises all of the Group's sales subsidiaries.

Audit

PricewaterhouseCoopers, as Group statutory auditor, has expressed moderate assurance on the processes for the preparation of social information, excluding Faurecia, shown in the tables and charts in this chapter, with the exception of section 4.6 ("Social Responsibility").

Definitions

The "manager" category includes engineers and managers with a job description similar to managers in France.

ETAM is the French acronym for "administrative employees, technicians and supervisors".

4.1 Jobs and capabilities

4.1.1 Workforce

▶ Number of employees under permanent or fixed-term contracts by division, 2002-2008

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008
Automobile Division	133,880	135,180	139,480	140,050	140,000	134,345	129,890
Banque PSA Finance	2,160	2,150	2,360	2,370	2,365	2,330	2,390
Gefco	8,050	8,360	8,840	9,370	9,900	9,980	10,060
Faurecia	52,230	51,860	54,430	54,960	57,810	59,765	58,140
Other businesses	2,280	2,360	2,140	1,750	1,675	1,430	1,220
TOTAL	198,600	199,910	207,250	208,500	211,750	207,850	201,700

The financial and manufacturing crisis has led to a major reduction in unit sales, prompting the Group to step up the process of reducing corporate staff that had been underway for the past two years.

and development agreements, with extensive measures to support the employees concerned. Implementing these plans reduced headcount by 6,150 people in 2008.

In every host country, separation incentive schemes were negotiated in advance with unions or developed from human resources planning

▶ Number of employees under permanent or fixed-term contracts by region and division

(Consolidated Group, at 31 December 2008)

	France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	85,850	33,025	11,015	129,890
Banque PSA Finance	820	1,470	100	2,390
Gefco	5,040	3,985	1,035	10,060
Faurecia	15,735	27,520	14,885	58,140
Other businesses	1,175	45	0	1,220
TOTAL	108,620	66,045	27,035	201,700

PSA Peugeot Citroën employs 201,700 people in three core businesses.

Excluding Faurecia, the Group counted 143,560 employees at 31 December 2008, of which 134,815 under permanent contracts (93.9% of the total) and 8,745 under fixed-term contracts.

▶ Number of employees under permanent or fixed-term contracts by region, 2002-2008

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008
France	123,670	124,710	127,955	126,055	121,940	113,710	108,620
Rest of Europe	63,990	63,520	64,685	64,195	68,435	68,540	66,050
Rest of the world	10,940	11,680	14,610	18,250	21,375	25,600	27,030
WORLDWIDE	198,600	199,910	207,250	208,500	211,750	207,850	201,700

The Group's growing presence in the global marketplace has led to a steady increase in the percentage of employees based outside France, which totalled more than 46% in 2008 (33% in Europe and 13% in the rest of the world).

▶ Number of employees under permanent or fixed-term contracts by continent

(Consolidated Group, at 31 December)

	2002	2008	% Change, 2002-2008
Europe			
France	123,670	108,620	-12.2%
Rest of Western Europe	59,105	48,885	-17.3%
Central and Eastern Europe	4,885	17,160	251.3%
Africa	1,125	2,115	88.0%
South America	5,050	13,665	170.6%
North and Central America	4,550	7,635	67.8%
Asia	215	3,620	1,583.7%
TOTAL	198,600	201,700	1.6%

▶ Managing human resources internationally

More than 93,000 employees work outside France, in more than 150 countries. In each one, PSA Peugeot Citroën is committed to hiring locally and to leveraging local skills. Fully 88.33% of managers based outside France in the Automobile, Finance, and Transportation & Logistics Divisions are nationals.

Particular attention is paid to the orientation and integration of newly hired local managers, with programmes designed to improve their understanding of how the Group works and their knowledge of its basic management principles and practices.

▶ Number of seconded employees by division

(Consolidated Group, excluding Faurecia, at 31 December)

	2006	2007	2008
Automobile Division	665	655	660
Banque PSA Finance	25	25	30
Gefco	50	70	70
Other businesses	5	5	5
TOTAL	745	755	765

In 2008, 765 employees were involved in foreign postings, with an average assignment of 36 months. Their number has remained about the same for the past three years.

Nearly 50 employees are seconded in France, more than 300 are seconded in the rest of Europe and around 410 are seconded outside

Europe. The above table does not include the more than 240 Faurecia employees on foreign assignments during the year.

In addition, 530 employees had long-term international assignments (excluding Faurecia).

▣ Employees under permanent or fixed-term contracts by category

(Consolidated Group, at 31 December 2008)



▣ Average annual number of employees under fixed-term contracts

(Consolidated Group, excluding Faurecia)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	2,980	5,315	1,850	10,145
	2007	2,595	5,875	1,655	10,125
	2006	2,985	4,480	1,725	9,190
Banque PSA Finance	2008	0	150	5	155
	2007	20	130	0	150
	2006	15	150	0	165
Gefco	2008	140	265	5	410
	2007	150	290	0	440
	2006	140	285	0	425
Other businesses	2008	45	5	0	50
	2007	55	5	0	60
	2006	55	5	50	110
TOTAL	2008	3,165	5,735	1,860	10,760
	2007	2,820	6,300	1,655	10,775
	2006	3,195	4,920	1,775	9,890

In 2008, nearly 1,700 employees (19%) worldwide (excluding Faurecia) were hired under permanent contracts following a fixed-term assignment.

The above table does not include the average 5,640 people who worked under fixed-term contracts for Faurecia in 2008.

▶ Average annual number of temporary workers

(Consolidated Group, excluding Faurecia)

Along with seven temporary employment agencies, PSA Peugeot Citroën is applying the charter governing working conditions for temporary workers in France. In particular, the charter stipulates that temporary employees cannot work for more than 11 consecutive months in the Group, so that they can take vacation leave and have an idea of when their assignment will end.

The charter also guarantees temporary workers that they will enjoy the same working conditions as regular employees.

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	5,650	490	300	6,440
	2007	4,135	520	240	4,895
	2006	4,115	650	170	4,935
Banque PSA Finance	2008	15	85	5	105
	2007	20	65	0	85
	2006	20	40	0	60
Gefco	2008	680	960	405	2,045
	2007	840	980	250	2,070
	2006	930	745	80	1,755
Other businesses	2008	90	0	0	90
	2007	45	0	0	45
	2006	255	0	0	255
TOTAL	2008	6,435	1,535	710	8,680
	2007	5,040	1,565	490	7,095
	2006	5,320	1,435	250	7,005

Following an increase in the number of temporary workers in first-half 2008, the second half saw a substantial decline in the number of temporary employment contracts signed. The number of temporary workers in the Automobile Division in France declined from 6,390 in September 2008 to 2,690 in December.

In 2008, nearly 924 people (10.5%) were hired worldwide (excluding Faurecia) under permanent contracts following a temporary assignment with the Group.

The above table does not include the average 8,585 people who worked on temporary assignments at Faurecia in 2008.

▶ Number of contractor employees working on Group sites (full time equivalents)

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the world		TOTAL	
		Occasional	Permanent	Occasional	Permanent	Occasional	Permanent	Occasional	Permanent
Automobile Division	2008	11,460	6,130	1,240	2,590	3,020	4,750	15,720	13,470
	2007	14,605	7,130	4,840	2,660	2,460	4,900	21,905	14,690
	2006	12,705	7,085	1,575	2,500	1,280	1,630	15,560	11,215
Banque PSA Finance	2008	5	25	15	40	30	35	50	100
	2007	0	0	20	60	0	0	20	60
	2006	0	20	10	20	40	40	50	80
Gefco	2008	40	220	260	265	5	95	305	580
	2007	150	365	215	705	240	60	605	1,130
	2006	40	190	285	600	25	50	350	840
Other businesses	2008	10	20	0	0	0	0	10	20
	2007	35	25	0	0	0	0	35	25
	2006	5	40			0	0	5	40
TOTAL	2008	11,515	6,395	1,515	2,895	3,055	4,880	16,085	14,170
	2007	14,790	7,520	5,075	3,425	2,700	4,960	22,565	15,905
	2006	12,750	7,335	1,870	3,120	1,345	1,720	15,965	12,175

▶ Methodology

Average annual number of employees under fixed-term contracts

The average annual number of employees under fixed-term contracts is calculated by dividing by 12 the sum of the number of these employees at each month-end.

Average annual number of temporary workers

The average annual number of temporary employees is calculated by dividing by 12 the sum of the number of these employees at each month-end.

Scope of the "Number of employees under permanent or fixed-term contracts by continent" indicator

Western Europe: Austria, Belgium, Denmark, Germany, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Central and Eastern Europe: Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, Slovenia and Turkey.

Africa: Algeria, Morocco, South Africa and Tunisia.

South America: Argentina, Brazil and Chile.

North and Central America: Canada, Mexico and the United States.

Asia: China, Korea and Japan.

Number of contractor employees working on Group sites (full time equivalents)

This category concerns contract employees on discontinuous assignments lasting for more than a month and non-recurring from one year to the next.

When it was not possible to determine how long a contractor employee worked onsite, he or she was classified as "occasional".

4.1.2 Changes in the workforce

► Net jobs created, 2002-2008

(Consolidated Group, at 31 December)

	Employees at 31 December 2002	Net jobs added (lost) through acquisitions and disposals	Net jobs created (eliminated)	Employees at 31 December 2008
Rest of Europe	63,990	(2,560)	4,615	66,045
Africa	1,125	275	715	2,115
North and Central America	4,550	605	2,480	7,635
South America	5,050	(625)	9,240	13,665
Asia	215	750	2,655	3,620
Worldwide except France	74,930	(1,555)	19,705	93,080
France	123,670	(1,225)	(13,825)	108,620
WORLDWIDE	198,600	(2,780)	5,880	201,700

Despite the decline in the workforce in 2007 and 2008, the Group nevertheless created a net 5,880 new jobs from 2002 to 2008.

► Employees hired under permanent contracts

(Consolidated Group, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	1,995	3,155	1,695	6,845
	2007	1,320	2,605	2,870	6,795
	2006	2,620	4,635	1,100	8,355
Banque PSA Finance	2008	45	170	10	225
	2007	20	130	5	155
	2006	35	150	10	195
Gefco	2008	315	875	580	1,770
	2007	305	765	400	1,470
	2006	520	825	190	1,535
Faurecia	2008	625	5,405	4,160	10,190
	2007	740	4,975	4,540	10,255
	2006	525	5,550	5,760	11,835
Other businesses	2008	0	0	0	0
	2007	15	10	0	25
	2006	15	10	10	35
TOTAL	2008	2,980	9,605	6,445	19,030
	2007	2,400	8,485	7,815	18,700
	2006	3,715	11,170	7,070	21,955

In 2008, the Group hired 19,030 people, of which more than 50% in the Automobile Equipment Division (Faurecia) and more than 9% in the Transportation & Logistics Division (Gefco). Nearly 85% of new employees were hired outside France.

► Employees hired under permanent contracts by category

(Consolidated Group, at 31 December 2008)

	France			Rest of Europe			Rest of the world			TOTAL		
	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers	Operators	ETAM	Managers
Automobile Division	780	880	335	1,910	985	260	810	760	125	3,500	2,625	720
Banque PSA Finance	0	40	5	0	155	15	0	5	5	0	200	25
Gefco	75	150	90	335	510	30	405	170	5	815	830	125
Faurecia	155	75	395	4,410	625	370	2,980	515	665	7,545	1,215	1,430
Other businesses	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,010	1,145	825	6,655	2,275	675	4,195	1,450	800	11,860	4,870	2,300

New employees hired under permanent contracts represented 9.4% of the total workforce in 2008, versus 9% in 2007 and 10.4% in 2006.

► Employees hired under fixed-term contracts

(Consolidated Group, excluding Faurecia, at 31 December 2008)

	France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2,390	3,410	555	6,355
Banque PSA Finance	5	175	5	185
Gefco	115	170	5	290
Other businesses	40	0	0	40
TOTAL	2,550	3,755	565	6,870

Of the total employees hired under fixed-term contracts during the year, 33.4% were women, 78% were operators, 21% were administrative employees, technicians and supervisors (ETAM) and 1% were managers.

The above table does not include the 6,960 people hired by Faurecia under fixed-term contracts during the year.

► Separation rates

(Consolidated Group, excluding Faurecia)

	2003	2004	2005	2006	2007	2008
Separation rate	2.9%	3.3%	3.8%	4.9%	10.2%	8.3%

The 2008 separation rate can be explained in part by the number of employees who signed the jobs and capabilities redeployment plan in France in 2007 and who left the Group in first-quarter 2008.

Number of separations and separation rates by age group, gender and region

(Consolidated Group, excluding Faurecia, at 31 December 2008)

	<20 years		20-29 years		30-39 years		40-49 years		≥50 years		TOTAL	
	M	W	M	W	M	W	M	W	M	W	M	W
Resignations (employees under permanent contracts)	90	25	1,360	485	1,210	435	415	110	65	25	3,140	1,080
Dismissals (employees under permanent or fixed-term contracts)	20	5	480	90	565	130	250	60	495	110	1,810	395
Redundancies (employees under permanent or fixed-term contracts)	5	0	260	55	615	160	430	130	1,220	230	2,530	575
Retirement or death and other separation (employees under permanent or fixed-term contracts)	0	0	25	5	40	10	50	5	1,880	340	1,995	360
TOTAL	115	30	2,125	635	2,430	735	1,145	305	3,660	705	9,475	2,410
PERCENTAGE	9.5%	12.7%	10.3%	11.1%	7.3%	8.2%	3.9%	4.8%	11.6%	11.3%	8.2%	8.8%

M : Men.

W : Women.

	France	Rest of Europe	Rest of the world	TOTAL
Resignations (employees under permanent contracts)	1,315	2,400	505	4,220
Dismissals (employees under permanent or fixed-term contracts)	915	760	530	2,205
Redundancies (employees under permanent or fixed-term contracts)	2,520	485	100	3,105
Retirement or death, and other separation (employees under permanent or fixed-term contracts)	1,750	575	30	2,355
TOTAL	6,500	4,220	1,165	11,885
PERCENTAGE	7.0%	11.0%	9.6%	8.3%

Resignations of employees under permanent contracts

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	1,010	1,815	375	3,200
	2007	1,285	2,110	300	3,695
	2006	1,490	2,000	205	3,695
Banque PSA Finance	2008	25	95	5	125
	2007	25	120	0	145
	2006	20	95	0	115
Gefco	2008	240	485	125	850
	2007	275	485	150	910
	2006	145	355	70	570
Other businesses	2008	40	5	0	45
	2007	20	5	0	25
	2006	0	0	0	0
TOTAL	2008	1,315	2,400	505	4,220
	2007	1,605	2,720	450	4,775
	2006	1,655	2,450	275	4,380

The number of resignations amounted to 3.13% of total employees under permanent contracts in 2008, versus 3.48% in 2007.

A total of 545 employees under fixed-term contract (excluding Faurecia) resigned during the year.

The above table does not include the 3,895 Faurecia employees who resigned during the year.

► Premature terminations or dismissals of employees under permanent or fixed-term contracts

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	775	665	310	1,750
	2007	1,130	680	180	1,990
	2006	985	455	275	1,715
Banque PSA Finance	2008	5	15	0	20
	2007	5	10	0	15
	2006	5	10	0	15
Gefco	2008	100	80	220	400
	2007	115	110	10	235
	2006	125	90	0	215
Other businesses	2008	35	0	0	35
	2007	10	0	0	10
	2006	5	0	0	5
TOTAL	2008	915	760	530	2,205
	2007	1,260	800	190	2,250
	2006	1,120	555	275	1,950

The above figures include all dismissals during the year, including premature termination of work contracts for incapacity and disability, and dismissals for personal reasons.

The above table does not include the 5,325 Faurecia employees who were prematurely terminated or dismissed during the year.

► Retirement, death and other separation of employees under permanent or fixed-term contracts

(Consolidated Group, excluding Faurecia, at 31 December 2008)

	France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	1,580	545	25	2,150
Banque PSA Finance	25	10	0	35
Gefco	80	20	5	105
Other businesses	65	0	0	65
TOTAL	1,750	575	30	2,355

The above table does not include the 445 Faurecia employees under permanent contracts who retired, died or otherwise left the company during the year.

► Dismissals or redundancies (employees under permanent or fixed-term contracts) including through the jobs and capabilities redeployment plan

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	2,485	195	100	2,780
	2007	3,235	945	10	4,190
	2006	5	1,175	0	1,180
Banque PSA Finance	2008	0	0	0	0
	2007	0	0	0	0
	2006	0	0	0	0
Gefco	2008	10	290	0	300
	2007	5	105	0	110
	2006	35	50	0	85
Other businesses	2008	25	0	0	25
	2007	120	0	0	120
	2006	0	0	0	0
TOTAL	2008	2,520	485	100	3,105
	2007	3,360	1,050	10	4,420
	2006	40	1,225	0	1,265

The number of worldwide redundancies (excluding Faurecia) in 2008 was primarily due to the jobs and capabilities redeployment plan implemented in France in 2007. Because of the length of their notices or outplacement leaves, 1,770 employees who joined the plan in 2007 left the Group in 2008.

The above table does not include the 2,295 people made redundant at Faurecia during the year.

► Methodology

The Groupwide separation rate (excluding Faurecia) has been calculated for 2002 through 2006 by dividing the total number of resignations, redundancies and dismissals by the total number of employees under permanent or fixed-term contracts.

Since 2007, the separation rate has been calculated by dividing the total number of separations (resignations by employees under permanent contracts, redundancies of employees under permanent or fixed term contracts, dismissals of employees under permanent or fixed-term contracts and retirement, deaths and other attrition of employees under permanent or fixed-term contracts) by the total number of employees under permanent or fixed-term contracts.

4.1.3 Human resources planning and development

► Human resources planning and development based on social dialogue

In 2007, an agreement concerning the planning and development of the Group's human resources was signed as part of a commitment to anticipating changes in jobs and skills-clusters, in order to limit the jobs impact of fluctuations in market demand. In the event of such

fluctuations, employee representatives will be informed in a timely manner and employees affected by changes in the business base and jobs will be supported with a range of dedicated programmes.

As in 2007, the Group chose to make these adjustments in 2008 while maintaining social cohesion through the use of jobs and capabilities redeployment plans, based on separation support measures negotiated in advance with employee representatives.

These measures were primarily designed to move forward future separations for such reasons as full-time retirement, change of profession, retraining leave, transfers or outplacement, thereby avoiding dismissals or early-retirement schemes.

► The jobs and capabilities redeployment plan for operators, administrative employees, technicians and supervisors in France

A jobs and capabilities redeployment plan implemented in 2008 specifically concerned the operators, administrative employees, technicians and supervisors at the facilities in Rennes, Mulhouse, Metz, Aulnay and Asnières. The PCA France Central Works Committee was informed of the plan and on 15 January 2008 issued a unanimously favourable opinion on the proposed measures. The plan led to the departure of 241 employees (215 operators and 26

In France, Spain, Germany, Argentina, the Netherlands, Portugal, China and every other host country, separation incentive schemes were negotiated in advance with unions or developed from human resources planning and development agreements, with extensive measures to support the employees concerned.

administrative employees, technicians and supervisors) and the transfer of 94 operators and 7 administrative employees, technicians and supervisors.

Moreover, given the length of their notices or outplacement leaves, 1,770 employees left the Group in 2008 under the jobs and capabilities redeployment plan implemented in 2007.

► Jobs and capabilities redeployment plans outside France

In 2008, jobs and capabilities redeployment plans were implemented in Germany, the United Kingdom, the Netherlands, Spain, Denmark and Portugal. In all, nearly 400 employees took advantage of one of the voluntary separation incentives in the plans in order to leave the Group in 2008.

PSA Peugeot Citroën is committed to providing assistance and support to every employee affected by the corporate transformation process and to finding an effective solution for each one, everywhere around the world.

► Proactively responding to an evolving skills base

To proactively respond to an evolving skills base, manage these skills more effectively and improve employee visibility of over-the-horizon technologies and manufacturing processes, two organisations have been created at Group level to encourage dialogue and discussion with employee representatives. They are helping to bring together all of the Group's human resources policies in training, job mobility, skills management and other areas:

- **The Joint Union Management Strategy Committee** closely examines topics related to the company's situation and to policies and strategies deployed.
- **The Skills and Capabilities Observatory** helps to provide an effective, forward-looking vision of the Group's skills-sets.

It uses analysis grids that distinguish between "sensitive" or "redundant" jobs that seem likely to dwindle for economic, organisational or technological reasons, thereby leading to job

losses and the need for retraining and placement programmes, and "understaffed" or "emerging" jobs, the former which are difficult to fill or require a long learning curve and the latter which are still scarce in the organisation but which will likely increase in number. This approach is now up and running in Germany, Spain, the United Kingdom and other major European countries.

The Observatory is also identifying strategic automotive skills related to future vehicles, in such leading-edge technologies as new powertrains, power management systems and integrated after-treatment emissions-control systems. As well, it is identifying needs in more conventional technologies, like engines, internal combustion processes, physical measurements, computing and CAD, with a focus on undergraduate-degree levels.

► The job track management system

To meet tomorrow's jobs and skills needs, 21 global, cross-operations job tracks were introduced in 2005, enabling the Group to manage its expertise both quantitatively and qualitatively in every host country.

The job tracks are helping to develop a forward-looking vision of tomorrow's skills-sets. For each one, a list of positions has been identified so as to improve the planning and development of the Group's human resources.

▶ Effectively managing employee expertise

Selection processes have helped to designate “master experts” and “experts” in every job track. The system reflects a commitment to exercising skills leadership in the automobile industry and to addressing the challenge of transferring employee knowledge.

In 2008, 100 experts, 14 master experts and 230 specialists were designated to drive innovation and serve as reference guides for the Group’s knowledge and expertise.

▶ Identifying high-potential managers

Careers committees help to identify high-potential managers, develop personalised career paths aligned with the Group’s needs, and prepare and implement the various career stages, thereby ensuring inter-departmental management of career development.

The selection process also reflects the growing diversity and globalisation of the Group’s managers and experts.

When a manager is identified as a high-potential, his or her projected career development is mapped out based on his or her performance and results, ability to grow, managerial skills and proficiency,

adaptability (particularly in international environments), motivation and aspirations.

These high-potentials attend management courses aligned with their future duties and pursue career paths that broaden their responsibilities.

The Institut Supérieur du Management (ISM), for example, is a high-level training programme for future executives in all of the Group’s businesses and corporate departments.

▶ Percentage of employees having a performance review in 2008

(Consolidated Group, excluding Faurecia)

The annual performance review provides a valuable opportunity for employees to express their career aspirations to their managers, in such areas as mobility, career orientation and training.

More than 75% of employees (nearly 90% of managers, 65% of administrative employees, technicians and supervisors, and 80% of operators) had at least one performance review during the year.

▶ Individual career paths based on capability and performance

Career development is based directly on the employee’s on-the-job skills, practices and performance. The use of objectives reviews, skills and capabilities reference guidelines and other tools based on skills assessment, individual performance and objective selection methods have been extended across the global organisation, thereby strengthening the effectiveness of the promotion and equal opportunity processes. They have also made the career management process more personalised, while continuing to optimise the skills base and enhance team expertise.

For managers, the individual career management process is informed by an understanding of their aspirations, results, capabilities and past experience. In addition to ongoing discussions with their direct managers, career opportunities for managers are reviewed every year at Careers Committee meetings organised in every department of every unit.

► Career development for operators, administrative employees, technicians and supervisors

(Automobile Division, France)

Career development and advancement for operators has been the subject of agreements for production operators (2005) and other skilled workers (2007), which were signed by five of our six labour unions.

An agreement signed on 16 January 2009 will offer administrative employees, technicians and supervisors new career opportunities based on their job proficiency and performance, as opposed to seniority and education. This will improve equal opportunity by making promotion decisions more objective and transparent.

With the two agreements previously signed covering career development for production operators and other skilled workers, this

means that the careers of operators, other skilled workers, administrative employees, technicians and supervisors are now structured by three major agreements. This approach is being gradually extended to every host country, such as Spain for operators and the United Kingdom for administrative employees, technicians and supervisors.

Transparent and objective, the system is based on reference guidelines that define the skills and capabilities that must be mastered for each job and pay-grade. For the period 2006-2008, some 50% of multi-skilled production operators on the payroll at 31 December 2008 had had at least one promotion.

► Internal mobility and promotions

Internal job mobility is particularly important in the current environment. In 2008, around 10% of all employees worldwide and 22% of managers changed positions.

To encourage this dynamic, Corporate Human Resources undertook a number of new initiatives, such as the Mobility Charter (to facilitate dialogue between employees and their managers), Transfer Opportunity Centres (where corporate departments and divisions can meet with employees and present their function, business, activities and job openings) and Placement Fairs and Offices.

Employees can view job vacancies within the Group on the Human Resources intranet and post their CV online.

The vast array of jobs available within the Group provides employees with attractive paths to career advancement. In 2008, around 17% of Automobile Division employees were promoted or changed job categories, thereby helping to guarantee equal opportunity in the mobility process.

► International mobility

To more efficiently manage employees seconded to international postings and to capitalise on their international experience, an International Mobility Committee comprising human resources managers was set up in 2008.

In 2008, 765 employees were involved in foreign postings, with an average assignment of 36 months.

To anticipate future needs and more effectively respond to requests for secondment abroad, a dedicated support system has been introduced for concerned employees.

4.1.4 Training

► Preparing the future through training

Employees are offered a wide range of training courses and programmes to develop their skills and expand career opportunities. The training catalogue now comprises nearly 4,100 courses organised by job track and skills cluster, as part of a broad-based programme to develop every employee's job capabilities.

Every major technical or managerial project is supported by employee training designed to instil the necessary skills and abilities. For example, line operators are trained to leverage the innovations introduced with the launch of new vehicles or drivetrains.

As part of the deployment of the new PSA Production System to improve manufacturing and engineering performance across the production base, every manager receives a five-day course in the system's principles, while supervisors attend several weeks of classes before being certified.

Training programmes, lasting up to 14 days, have been prepared for all of the techniques involved in our operations, so that line operators are thoroughly proficient in the requisite skills before taking up their workstation.

All Group divisions have implemented work methods based on the principles of lean management. As part of this process, a Lean Management school was created in 2008 to help divisions deploy their training programmes.

The current crisis and the related production slowdowns provide an opportunity to pursue training programmes, in particular to better prepare the transformation in core competencies and the development of the Lean Everywhere culture.

A major training initiative involving 70 hours per person in the Automobile Division will be offered to employees on short-time work and then extended to the entire workforce.

In early 2009, the Group signed an agreement making it possible to train employees on days of short-time work to develop their skills with the goal of enabling the company to emerge from the crisis more competitive than before.

► Hours of training by region and by employee

(Consolidated Group, excluding Faurecia, at 31 December)

	Total hours of training <i>(in thousands)</i>			Average hours of training per employee worldwide		
	2006	2007	2008	2006	2007	2008
France	1,932	1,750	1,665	18.5	18.0	17.9
Rest of Europe	1,529	1,143	890	36.8	28.3	23.1
Rest of the world	375	719	380	47.0	67.1	31.3
TOTAL	3,835	3,612	2,935	24.9	24.4	20.4

Average number of training hours per employee amounted to 20.4 in 2008.

In addition, Faurecia offered more than 1.4 million hours of training, representing an average 25 hours per employee.

▶ Average hours of training by employee category

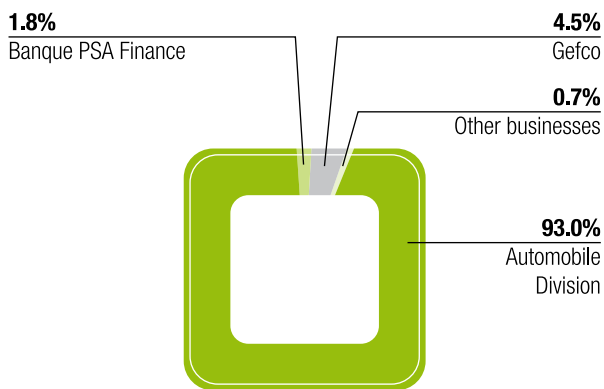
(Automobile Division manufacturing companies worldwide, at 31 December)

	2006	2007	2008
Operators	27	28	20
Administrative employees, technicians and supervisors	30	29	36
Engineers and managers	27	25	21
AVERAGE	28	28	23

The decline in the number of training hours in 2008 reflects in part the decrease in the number of hirings (as new hires are systematically provided with initial training) and the lack of major new production projects (with no new plants brought on stream during the year).

▶ Training expenditure by division

(Consolidated Group, excluding Faurecia, at 31 December 2008)



The nearly 3 million hours of training conducted throughout the Group represented an outlay of close to €123 million.

In addition, Faurecia's training budget came to more than €27 million for the year.

4.2 Social relations

4.2.1 Social dialogue

An intense social dialogue process is being deployed in every host country. Supported by employee information and participation, the process delivers lasting innovations.

▶ A large number of new agreements

In 2008, nearly 240 agreements were signed, including 140 outside France, covering all of the major issues concerning the company and its employees, such as international expansion and new workplace practices and organisations.

Contractual commitments are also aligned with employee expectations about salaries, career development, working hours and other job-related concerns. And by addressing such social issues as gender equality and diversity, they are driving changes in corporate culture and

mindsets. The large number of agreements signed reflects the Group's commitment to defining and deploying social policies in consultation with unions and other employee representatives. Collective bargaining agreement renewals, especially in Spain, were in part responsible for the sharp increase in the number of agreements signed in 2008.

▶ Agreements signed worldwide

The following list gives examples of agreements signed in 2008 in the Group's leading host countries. The agreements concern one or more Group companies (Automobile Peugeot, Automobile Citroën, Banque PSA Finance, production plants, Gefco, etc.).

Germany

- Agreement on behaviour in the workplace (to avoid all forms of discrimination and harassment), signed in November;
- Agreement on health protection and a ban on smoking in the building, signed in January;
- Agreement defining flexible working hours, signed in January.

Austria

- Company agreement on video camera surveillance, signed in December.

Belgium

- Agreement extending the early retirement pact.

Spain

- Agreement on discretionary profit-sharing, signed in April;
- Renewal of the collective agreements known as *convenios*;
- Agreement modifying work schedules;
- Agreement modifying the system for calculating paid summer holidays in order to align them with the calendar year, signed in October;
- Agreement on alternative measures for hiring the disabled, signed in April.

France

- Agreement on monetising unused rest days, signed in April;
- Amendment renewing the agreement for hiring and retaining the handicapped, signed in July;
- Amendment renewing the agreement on diversity and social cohesion in the enterprise, signed in October.

Hungary

- Agreement on the payment of discretionary profit shares;
- Signature of a Health Charter, initiated by the Franco-Hungarian Chamber of Commerce and Industry.

Italy

- Agreement on the productivity bonus.

Poland

- Agreement on changes in the compensation system.

Slovakia

- Agreement on work schedules and deployment of a time bank enabling compensation for days not worked and overtime, signed in August;
- Agreement on a partnership between the University of Bratislava and PCA Slovakia, formalising the transfer of the country's first adult educational programme, signed in 2005 by the Slovak educational system, the French National Education Ministry and PCAS.

In June 2008, an agreement was signed to expand the Joint Union Management Strategy Committee in Europe to Germany, Spain and the United Kingdom.

▶ Social agenda

In all of the Group's major host countries, social dialogue is making it possible to lead corporate transformation programmes in collaboration with employee representatives.

The social dialogue process is structured according to a "social agenda", which is issued in draft form every six months to allow

participants to prepare major issues for discussion. The agenda is updated quarterly as each item on the agenda is addressed.

The agenda reflects the legal deadlines for meeting with employee representative bodies and mandatory commissions. It also sets aside time for meetings with employee representatives to discuss current issues that may be resolved through agreements.

▶ A European Group Works Council with international scope

European employees are represented by the European Works Council set up in 1996, which serves as the primary forum for dialogue and discussion with employee representatives. Extending the contractual agreement and social dialogue processes implemented in all European subsidiaries, this corporate unit provides an opportunity for sharing information and exchanging viewpoints about the Group's operating, financial and employee relations objectives in Europe, as well as the major transformations underway at subsidiaries.

The Committee's membership has been broadened to include union representatives from Argentina and Brazil for the annual presentation of the application of the Global Framework Agreement on Social Responsibility.

▶ The International Joint Union Management Strategy Committee

On 19 June 2008, the Committee was extended to the leading unions outside France through an agreement signed with IGMetall, T&GWU, SIT-FSI, UGT and CC-OO. It acts as a forum for analysis, dialogue and discussion to explore in more detail issues related to the Group's

situation and development, its policies and its strategic vision, in such areas as products, markets, changing technologies and new business projects outside France.

▶ Encouraging employee participation and social dialogue in the workplace

Management engages in social dialogue with employee representatives on a daily basis.

To facilitate team management and dialogue, production sites have been organised into Basic Production Units, whose operating procedures are based on employee participation.

In line with this model, Basic Design Units have also been set up in all research and development facilities and departments.

Participatory management programmes encourage employee initiative and involvement at every level and in every business, to nurture a culture of continuous improvement. In 2008, for example, nearly 151,000 suggestions were submitted by operators via the Déclic system.

▶ Employee information and satisfaction

Employees are kept regularly informed through newsletters, bulletin board postings, intranet sites and a variety of other media. Employees worldwide can access the Net'RH human resources intranet, which is also available in English and Spanish.

To ensure that employees are kept fully and transparently informed, Group facilities and subsidiaries regularly organise information sessions and staff meetings for the entire unit.

Employee opinion surveys are carried out every year in many countries, notably France, Germany, Brazil, Italy, Poland, Switzerland, the United Kingdom, China, Mexico, Portugal, Slovakia, Hungary, Turkey, Spain and Algeria. They gauge employee perception of internal communication, corporate culture, working conditions, professional development, training, compensation and benefits.

Surveys conducted in 2008 attested to employee satisfaction with the different topics covered.

▶ Minimum notice periods prior to changes

Unions, personnel representative bodies and employees are consistently informed and consulted before any major changes are undertaken in the Group.

Except in exceptional circumstances, employees are informed at least two months ahead of any major planned change and one month in advance for any major changes in work schedules.

4.3 Compensation

4.3.1 Compensation practices

▣ Total payroll by region

(Consolidated Group, excluding Faurecia, at 31 December)

In 2008, total payroll costs (excluding Faurecia) came to €4,693,145,000, while related payroll taxes amounted to €1,846,186,000.

(in thousands of euros)

Year	France	Rest of Europe	Rest of the world	TOTAL
2008	4,776,909	1,492,919	269,504	6,539,331
2007	5,114,073	1,569,748	210,104	6,893,925
2006	5,074,551	1,557,954	147,167	6,779,672

In every host country, compensation policies are designed to maintain employee purchasing power, while rewarding performance, offering compensation that is competitive with market practices and giving employees a stake in the value they help to create.

Wage agreements have been signed with almost all of the Group's local unions.

In 2008, more than 50 agreements were signed with employee representatives in Germany, Italy, Spain, Argentina, Brazil, Slovakia and France. In addition to maintaining purchasing power, especially for the lowest wage categories, these agreements also provide for individual performance-based bonuses for the most productive employees.

▣ Group minimum wage versus local statutory minimum wage, by country in 2008

(Consolidated Group, excluding Gefco and Faurecia, base 100)

Country	Group minimum wage/ the local statutory minimum wage	Local statutory minimum wage
Germany	N/A	No statutory minimum wage
Austria	N/A	No statutory minimum wage
Argentina	153	Statutory minimum wage (<i>vital y mobil del país</i>)
Belgium	123	Minimum wage set by joint labour/management commission
Brazil	253	Local statutory minimum wage
Spain	106	Local statutory minimum wage
United Kingdom	100	Local minimum wage (for people over 22)
France	125	Local statutory minimum wage
Italy	112	Industry minimum wage
Netherlands	100	Local minimum wage (for people over 23)
Poland	160	Local statutory minimum wage
Portugal	106	Local statutory minimum wage
Slovakia	228	Local statutory minimum wage
Switzerland	N/A	No statutory minimum wage; no industry agreements
Czech Republic	300	Local statutory minimum wage

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

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

▶ Ratio of average salaries of men to women operators and ETAM in France

(Peugeot Citroën Automobile France, in 2008, base 100)

The ratios of the average salary of men to women are defined according to the classification table in the Metal Industry Collective Agreement.

Ratio of the average salary of men to the average salary of women

Operators/ETAM	
170	100.5
175	100.7
180	100.7
185	101.4
190	101.0
195	100.4
200	101.2
215	101.1
225	101.8
240	104.3
255	105.8
270	101.5
285	98.5
305	98.0
335	95.1

In 2008, the average increase in compensation (across-the-board raises, individual raises and promotions and increases in seniority bonuses) was higher for women than men among both operators and ETAMs, at 3.97% for women and 3.87% for men. This was the case in all job categories.

▶ Ratio of average salaries of men to women managers in France

(Countries where the Group has manufacturing operations, in 2008, base 100)

The following indicator concerns managers in sales subsidiaries, finance companies and production plants in countries where the Group has manufacturing operations.

For countries other than France, managers are defined according to the Group's job classification standards, while in France, they are defined according to the Metal Industry Collective Agreement and any relevant company agreements.

FRANCE (PCA)

Managers	Ratio of the average salary of men to the average salary of women
K92	100.8
1	103.0
2	100.9
3A	99.9
3B	98.3
3C	117.5

These indicators show that since 2004, the average monthly and annual salary in every job category was the same for men and women

with the same grade or job classification, except for the 3C category for which the gap has contracted since 2007.

ARGENTINA, BRAZIL, SPAIN, PORTUGAL, SLOVAKIA

	Ratio of the average salary of men to the average salary of women				
	Argentina	Brazil	Spain	Portugal	Slovakia
Senior executives	N/A	N/A	N/A	N/A	N/A
Senior managers	84.6	100.5	N/A	N/A	N/A
Upper management	103.4	99.5	132.4	105.9	103.4
Middle management	111.0	105.5	115.5	122.0	102.9
Junior managers	102.9	110.0	N/A	N/A	128.7

4.3.2 Employee benefits

▶ Profit-sharing and incentive bonuses

(Consolidated Group, excluding Faurecia, at 31 December)

(rounded to the nearest million euros)	2006	2007	2008
Total France - profit-sharing and incentive bonuses (Group agreement)	65	109	4
Incentive and/or profit-sharing programmes in other French subsidiaries*	7	9	7
Incentive programmes in foreign subsidiaries	15	20	0
TOTAL	87	138	11

* Société Commerciale Citroën (SCC) and Gefco in 2008.

In every host country around the world, full-time and part-time employees under permanent contracts or fixed-term contracts exceeding three months are paid an incentive bonus based on operating income, as part of the Group's commitment to enabling employees to share in the value they create.

Out of 2008 earnings, for example, €11 million will be distributed in 2009 to Automobile, Finance and Transportation & Logistics Division employees worldwide in the form of discretionary and non-discretionary profit-shares. This amount is in line with the highly unfavourable business environment, which saw a deterioration in economic conditions throughout the second half.

▶ Employee Savings Plans (PEAG, PED and PEP)

(Consolidated Group, excluding Faurecia, at 31 December)

To give employees a stake in their company's performance and provide more effective support for their personal projects, a variety of company savings plans have been put into place in the host countries.

All employees, including those under limited term contracts exceeding three months, are entitled to invest in the plans under the same terms and conditions, adjusted for hours worked in the case of part-time workers.

The corporate savings plan comprises three components:

- The plan invested in Peugeot S.A. shares.
- The diversified savings plan, introduced on 1 January 2004, which allows employees to invest in socially responsible funds as an alternative to Company shares.
- A long term insurance-based saving plan.

These plans enable employees to invest their own funds, by making voluntary contributions and investing their discretionary and/or non-discretionary profit shares.

	Employee contributions 1 Jan.–31 Dec.		Employer contributions 1 Jan.–31 Dec.		Number of employees investing 1 Jan.–31 Dec.*	
	(in millions of euros)		(in millions of euros)			
	2007	2008	2007	2008	2007	2008
Automobile Division	60.65	78.03	11.69	10.56	127,365	134,604
Banque PSA Finance	0.87	0.87	0.22	0.21	1,374	1,480
Gefco	1.59	1.90	0.56	0.57	1,852	8,677
Other businesses	0.40	0.37	0.11	0.07	537	490
TOTAL	63.50	81.17	12.58	11.41	131,128	145,251

* Reinvestment of profit-shares, incentive bonuses and voluntary contributions.

The Group paid more than €11 million in matching contributions into the local plans in 2008.

▶ International employee savings plan

(Consolidated Group, excluding Faurecia)

	Employee contributions		Employer contributions		Number of participants	
	(in millions of euros)		(in millions of euros)			
	2007	2008	2007	2008	2007	2008
United Kingdom	1.49	1.07	0.49	0.36	1,116	919
Spain	0.45	0.45	0.16	0.16	1,579	1,487
Germany	0.63	0.29	0.20	0.10	1,454	680
Portugal	0.04	0.03	0.02	0.01	97	112
TOTAL	2.61	1.84	0.87	0.63	4,246	3,198

Supplementary pension plans by division

(Consolidated Group, excluding Faurecia)

	Employer contributions 1 Jan.–31 Dec.		Employee contributions 1 Jan.–31 Dec.		Number of participating employees
	(in thousands of euros)		(in thousands of euros)		
Automobile Division	2008	42,526	15,755	62,864	
	2007	37,591	14,950	62,384	
	2006	39,101	15,785	59,844	
Banque PSA Finance	2008	1,982	534	1,208	
	2007	1,955	530	1,187	
	2006	1,686	465	989	
Gefco	2008	2,711	1,899	3,842	
	2007	2,043	1,111	2,782	
	2006	3,053	1,058	2,889	
Other businesses	2008	229	114	831	
	2007	254	127	997	
	2006	260	134	981	
TOTAL	2008	47,448	18,302	68,745	
	2007	41,844	16,718	67,350	
	2006	44,102	17,442	64,703	

Supplementary pension plans by region

(Consolidated Group, excluding Faurecia)

	Employer contributions 1 Jan.–31 Dec.			Employee contributions 1 Jan.–31 Dec.			Number of participating employees		
	(in thousands of euros)			(in thousands of euros)					
	2006	2007	2008	2006	2007	2008	2006	2007	2008
France	26,688.6	25,293.3	25,581	13,908.2	12,623.2	12,743	51,055	51,596	49,044
Rest of Europe	16,981.5	15,760.1	20,938	2,695.8	3,130.5	4,542	12,135	13,971	17,839
Rest of the world	432.4	790.6	929	838.8	965.2	1,017	1,513	1,783	1,862
TOTAL	44,102.5	41,844.0	47,448	17,442.8	16,718.9	18,302	64,703	67,350	68,745

Extending pension coverage with defined benefit plans

At 31 December 2008, future benefit obligations under defined benefit plans amounted to €3,228 million, of which €2,409 million was covered by external funds.

In accordance with IAS 19, these obligations are measured every year by an international firm of actuaries, based on assumptions reviewed by the Group's auditors.

Social services

Depending on national and local needs and conditions, all Group companies and plants contribute to social and cultural activities and help to improve the quality of work-life, with food services, transportation, employee welfare benefits, corporate concierge services and daycare centres.

In all, the Automobile, Finance and Transportation & Logistics Divisions paid more than €240 million in employee benefits in 2008. Representing over 3.7% of payroll, this amount encompasses employer payments for housing, transportation, food services, health and social services, health care and personal protection insurance, as well as subsidies paid to works councils in France for employee welfare programmes.

4.4 Working conditions

4.4.1 Workplace safety

At PSA Peugeot Citroën, the only acceptable target is an accident-free work environment. Moreover, this uncompromising focus on safety must be the same in every country and every business.

Workplace safety is an absolute priority for the Group, which must ensure the physical health and safety of its employees as part of its corporate social responsibility commitment.

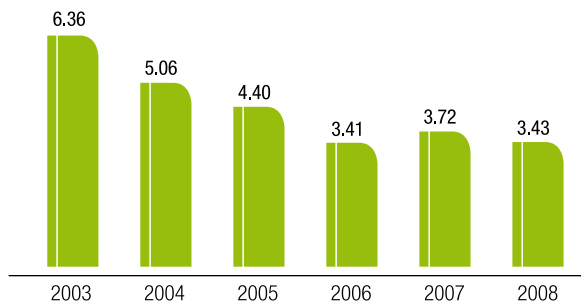
Deployed at every plant and facility worldwide since 2007, the integrated Workplace Safety Management System ensures that executives, managers, employees and employee representatives all

feel responsible and accountable for improving safety and preventing accidents. Procedures and performance are regularly reviewed by Safety Committees. Over the past five years, the Group's workplace safety policy has driven a 50% reduction in the number of workplace accidents.

Meeting safety targets is also a criterion for determining executive bonuses, alongside operating income and quality performance.

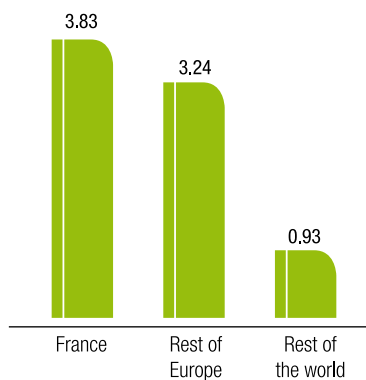
▶ Total lost-time incident frequency rate

(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco)



▶ Total lost-time incident frequency rate by region

(Manufacturing, office, R&D and sales units worldwide, excluding Faurecia and Gefco, in 2008)



at 3.43 for all Group operations in 2008. All of the manufacturing and sales operations contributed equally to the average. The targeted lost-time incident frequency for 2009 is 3.15.

The recordable incident frequency rate declined to 13.73 from 16 in 2007, while the first-aid frequency rate fell to 52 from 61 the year before.

Workplace risk management is being improved by a variety of systems and methods introduced over the past five years.

Safety processes have been integrated into the PSA Production System.

The Workplace Safety Management System and the deployment of the STOP risk-observation procedure have led to the development of a prevention policy for assessing risks, handling malfunctions, deploying an early-warning procedure and launching improvement actions.

In 2008, more than €45 million was spent on safety and on improving working conditions in the Group (excluding Faurecia). The lost-time incident frequency rate has been less than 4 since 2006, and stood

In 2008, the Trnava plant in Slovakia improved its safety performance, reducing its lost-time incident frequency rate to 2.08, from 3.23 in 2007. The recordable incident frequency rate also declined, to 15.1. This example illustrates the results obtained by integrating safety and ergonomic concerns into plant work standards. At all levels of the organisation, safety committees responsible for defining and monitoring safety improvement plans meet regularly with employee representatives.

Gefco is committed to applying Group directives concerning workplace risk management in all its host countries. Following the 2006 distribution of the prevention policy and the 2007 deployment of the main safety processes, 2008 saw a sharp decline in workplace accidents.

The Workplace Risk Evaluation process continued to be deployed outside France. It is increasingly becoming the main system used by Human Resources teams for managing preventive action plans. After workstation evaluations, more countries took the next logical step by implementing metrological controls of the working environment. These controls focused on noise in Slovakia; noise and light in Portugal;

noise, vibrations and chemical-related risks in the United Kingdom; and chemical-related risks in Turkey.

Significant upgrades were also made in Gefco's prevention organisation outside France. The prevention expertise network now covers 95% of employees.

- Priority action no. 4.2 (2007-2008) – Make workplace safety everyone's business.

Objective: Reduce the lost-time incident frequency rate to less than 3, in the expanded scope of reporting.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

▶ Safety performance in 2008

(Manufacturing and sales units, Consolidated Group, excluding Gefco and Faurecia)

	Sales units		Manufacturing units	
	Frequency rate	Severity rate	Frequency rate	Severity rate
European Union	4.32	0.17	3.46	0.33
Rest of Europe	1.55	0.02	-	-
Africa	0.00	0.00	-	-
South America	2.24	0.01	0.76	0.03
Asia	0.00	0.00	-	-
TOTAL	4.07	0.15	3.21	0.3

The Group does not have any manufacturing facilities outside the European Union and South America.

The sales units include import subsidiaries and dealerships, whose safety performance improved in the different operating regions.

▶ Fatal accidents

(Consolidated Group, excluding Faurecia, 2008)

	France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	0	0	1	1
Other businesses	0	0	0	0
TOTAL	0	0	0	1

There was one fatal accident in December 2008. It occurred in Brazil and involved an employee, an electrician by trade and authorised to do electrical work, who was electrocuted while repairing a transformer.

Following an in-depth study, stringent prevention measures were taken to eliminate any risk of another such accident.

▶ Number of occupational accidents requiring first-aid involving contractor or temporary employees

(Consolidated Group, excluding Gefco and Faurecia, at 31 December 2008)

Safety conditions for contractor employees are the same as for Group employees. First aid and follow-up care are provided for contract and temporary employees who are victims of occupational accidents.

	France		Rest of Europe		Rest of the world		TOTAL	
	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees	Contractor employees	Temporary employees
Occupational accidents	592	1,257	68	13	10	0	670	1,270

In 2008, there were no fatal accidents involving contractor employees or temporary workers.

in the rest of Europe and two in the rest of the world. Gefco had no fatal accidents in 2008.

Gefco reported eight workplace accidents requiring first-aid that involved contract employees in Europe outside France and 52 incidents concerning temporary employees, of which 34 in France, 16

▶ Methodology

Frequency rate

The frequency rate corresponds to the number of accidents per million hours worked.

Severity rate

The severity rate corresponds to the number of consecutive days lost to accidents per thousand hours worked.

4.4.2 Health policies

▶ An active commitment to health

Health in the workplace is a major challenge for both business and society as a whole. As part of its commitment to helping employees stay healthy, the Group implemented a Health Care Plan that is monitored every year.

▶ Health-related programmes underway in the Group

The following table shows examples of the main health-related programmes underway in the Group:

Beneficiary	Educational programmes	Preventive programmes	Assistance programmes	Treatment programmes
Employees	<ul style="list-style-type: none"> - Awareness-building campaigns and distribution of brochures addressing a variety of health and safety issues (AIDS, smoking, alcohol, back problems, hepatitis, healthy eating to combat diabetes, obesity, etc.) - Safety training (first-aid, rescue, fire, chemical risks, prevention of workplace accidents etc.) 	<ul style="list-style-type: none"> - Vaccination campaigns (flu, tetanus, etc.) - Medical examinations (check-ups, eye tests, testing for various illnesses, such as cardiovascular diseases, diabetes and cancer, etc.) - Access to outside psychological counselling, freephone hotline for employees in distress, etc. - Implementation of a system for assessing and tracking work-related stress - Prevention campaign (AIDS, smoking, Santal+* healthy eating programme, back problems, hepatitis, yellow fever, etc.) - Testing for certain types of cancer, glaucoma and hepatitis C - Help in quitting smoking. 	<ul style="list-style-type: none"> - Onsite occupational physicians - Social workers - Psychologists and psychological counselling units, freephone hotline. - Healthcare insurance - Specialised organisations 	<ul style="list-style-type: none"> - Mutual insurance plan, medical insurance, hospital insurance, etc. - Possibility of homecare assistance in the event of a workplace accident - Post-operation rehabilitation therapy - Various financial aid or support programmes - Inquiries, audits, etc.
Employee families	<ul style="list-style-type: none"> - Awareness-building campaign - Schooling provided for children of employees who died in a workplace accident or from an occupational illness 	<ul style="list-style-type: none"> - Health insurance (family coverage) - Cardiovascular risk prevention programme - Visits with a dietician 	<ul style="list-style-type: none"> - Supplementary insurance plan, extended family healthcare benefits, etc. - Possibility of extending healthcare card coverage to families - Medical and travel insurance - Family counselling by medical or social workers on the possibility of public or private assistance in the event of serious illness - Psychological counselling for family members who must care for an injured employee 	<ul style="list-style-type: none"> - Financial assistance for families of injured employees - Mutual insurance plan, medical insurance, hospital insurance, etc.
Local communities	<ul style="list-style-type: none"> - Awareness-building campaign (participation in various events, open-door days, etc.) - Prevention plan (asbestos, etc.) - Etc. 	<ul style="list-style-type: none"> - Home accident prevention programme - Participation in a variety of health-related campaigns and events - Etc. 	<ul style="list-style-type: none"> - Financial assistance for associations (disabled people, etc.) - First-aid programmes - Blood and platelet drives, etc. - Etc. 	<ul style="list-style-type: none"> - Construction by Peugeot's South African subsidiary of the first AIDS screening centre in Orange Farm township, in an area where there are no nearby medical centres. - Etc.

* Santal+ programme: awareness campaigns on healthy eating and the benefits of exercise; nutritional advice.

The priority focus is on job-related diseases, which are covered by active prevention programmes in every plant and facility.

In recent years, other programmes have been underway to limit the number of workstations rated as “heavy” and increase the number

of “light” workstations, which play an important role in preventing occupational illnesses like musculoskeletal disorders (MSDs).

For other risks, such as asbestos-related occupational illnesses and hearing loss, Groupwide action plans have been implemented.

Occupational illnesses by region

(Consolidated Group, excluding Faurecia, 2008)

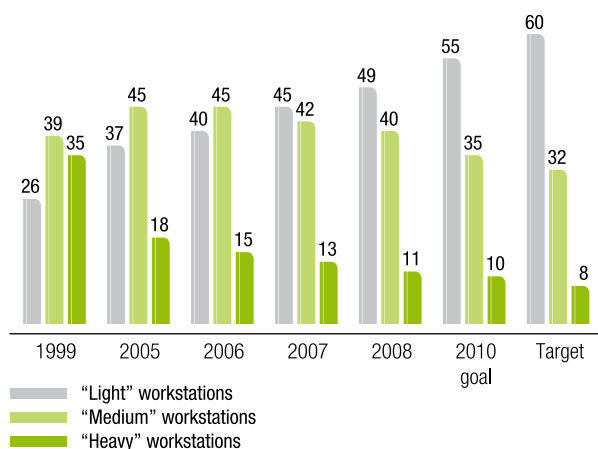
	France	Rest of Europe	Rest of the world	TOTAL
Musculoskeletal disorders of the upper limbs	76.5%	7.3%	1.7%	85.5%
Musculoskeletal disorders of the spine	3.3%	1.0%	0%	4.3%
Asbestos-related occupational illnesses	4.3%	0.2%	0%	4.5%
Noise-related hearing loss	2.4%	0.2%	0%	2.6%
Other	2.6%	0.5%	0%	3.1%
TOTAL	89.1%	9.2%	1.7%	100%

Worldwide (excluding Faurecia), 422 employees filed claims for occupational illnesses in 2008, compared with 485 in 2007.

Of the total, 85.5% concerned illnesses related to musculoskeletal disorders of the upper limbs, 4.3% musculoskeletal disorders of the spine, 4.5% asbestos-related illnesses, 2.6% hearing loss and 3.1% other illnesses.

The changing proportion of “light,” “medium” and “heavy” workstations

(Automobile manufacturing units Consolidated Group - as a %, as rated by the METEO method)



In the Automobile Division, the priority is to reduce the number of workstations rated as “heavy.” Their percentage has been reduced by more than half since the ergonomics initiative was launched in 1999, while the percentage of “light” workstations that can be operated by any employee rose to 49% in 2008 from 26% in 1999.

Light workstations foster employability by enabling employees nearing retirement or with medical restrictions to remain on the job.

These efforts will be pursued. The 2010 objective is to have so-called light workstations account for 55% of the total and so-called heavy workstations for less than 10%, as rated by the METEO method.

▶ Preventing psychosocial risks

PSA Peugeot Citroën is also committed to preventing psychosocial risks and stress in the workplace and to providing support to employees suffering from psychological distress, regardless of its causes.

Action plans undertaken include the creation of early detection and intervention units at all production, office and research facilities, and the introduction of a toll-free psychological assistance and support hotline for employees in distress.

A study was also conducted during the year to assess key stress factors, determine how stressed employees actually feel and identify the actions points to effectively attenuate workplace stress.

It revealed that among the respondents, the levels of stress, anxiety and depression were lower than those reported in the control group and in international studies.

These assessment and tracking systems have enabled the deployment of appropriate action plans.

▶ Building employee safe driving awareness

Preventing road accidents is an area of particular concern to PSA Peugeot Citroën, which as a carmaker, is especially sensitive to the issue.

In association with employee representatives, an occupational road risk prevention manual was prepared in June 2008. The manual strengthens the Group's commitment to work-related road safety, offering employees guidelines on how to avoid an accident while on the road and on how to use their cars when travelling on business or commuting.

In recent years, actions have been launched in Group facilities to reduce the risk of driving accidents.

A two-day road safety forum was held at the Poissy plant. It featured a variety of awareness-building initiatives, including a road safety stand set up by the national police, driving and rollover simulators installed by the MACIF insurance company and a conference hosted by the local road safety official and a police officer on two-wheeled vehicles, with a motorcycle riding simulator.

A road safety event was also organised at the Trémery plant on 11 July 2008, just before the Bastille Day weekend and the start of the summer holidays. After five years of steady improvement, the Trémery plant achieved its objective of no commuting accidents during the summer season.

▶ Commuting accidents

(Manufacturing and R&D facilities, France)

	2006	2007	2008
Frequency index	3.2	3.2	3

4.4.3 Joint management-worker health and safety agreements and committees

PSA Peugeot Citroën complies with International Labour Organisation recommendations concerning workplace health and safety and fulfills

its obligations in every host country.

▶ Joint management-worker health and safety committees - Percentage of employees represented

In most host countries, joint management-worker organisations are in charge of monitoring the application of employee health and safety practices. The following table provides examples in the countries where the Group has the most employees.

Country	Organisation	Members
Algeria	Joint health and Safety Commission	Employer representatives Employee representatives Occupational physicians
	Safety Committee	Employer representatives Safety manager Works council member Auditors
Germany	Health and Safety Commission	Employer representatives Safety manager Qualified safety officer Employee representatives Disabled employee representatives
	Workplace Risk and Occupational Illness Prevention Committee	Employer representatives Representative of complementary insurance provider Government representative Employee representatives
Argentina	Workplace Risk and Occupational Illness Prevention Committee	Employer representatives Representative of complementary insurance provider Government representative Employee representatives
Belgium	Prevention and Workplace Protection Committee	Prevention consultant Employer representatives Employee representatives
Brazil	Internal Accident Prevention Commission	Employer representatives Employee representatives
Spain	Safety and Health Committee	Employer representatives Employee representatives
France	Health, Safety and Working Conditions Committee	Employer representative Safety manager Employee representatives Union representatives Occupational physician Representative of the regional health insurance fund
	Prevention and Protection Services	Employer representative Employee representatives Medical officer Prevention and Protection Services Manager
Italy	Prevention and Protection Services	Employer representative Employee representatives Medical officer Prevention and Protection Services Manager
Netherlands	Works Council	Management Employee representatives
Poland	Health and Safety Committee	Country HR manager Personnel administration officer, HR department Employee representatives Occupational physician An outside specialist in workplace health and safety
	Health and Safety Commission	Employer representatives Employee representatives Occupational physician Health and safety manager
Portugal	Health and Safety Commission	Employer representatives Employee representatives Occupational physician Health and safety manager
United Kingdom	Safety and Health Committee	Employer representatives Employee representatives
	Working Conditions Committee	Production centre chief executive Employer representatives Employee representatives
Slovakia	Working Conditions Committee	Operating unit chief executive Personnel manager Prevention officer Employee representatives
	Local Working Conditions Committee in each operating unit and support function	Employee representatives
Turkey	Health and Safety Committee	Employer representatives Employee representatives Health and safety engineer Occupational physicians

More than 95% of Group employees (excluding Faurecia) are represented by joint management-worker health and safety committees.

▣ Health and safety agreements

The Group is committed to implementing the best workplace health and safety standards and practices and has made health and accident prevention a priority. The commitment is also expressed in several national company agreements.

Health and safety agreements have been signed in a number of host countries, including:

Germany

- Agreement on an indoor smoking ban, removal of cigarette vending machines and a campaign to encourage people to stop smoking, signed at Citroën in April 2007;
- Agreement concerning rehabilitation management, with prevention, health and rehabilitation programmes, signed at Citroën in May 2007;
- Agreement on work rules (behaviour, safety, etc.), signed at Peugeot in June 2007;
- Agreement on employee benefits signed for PSA Service Deutschland in September 2007;
- Agreement on health protection and a ban on smoking in the building, January 2008.

Argentina

- Agreement on working conditions, to support application of TPM, kaizen, hoshin kanri and other convergence processes, signed on 30 January 2006;
- Agreement concerning company support for the union dispensary, signed on 29 June 2006.

Brazil

- Agreement on integrating the disabled, signed on 12 September 2006.

Spain

- Agreement on improving working conditions at the Group's operations in Spain, signed on 23 February 2006;
- Agreement on alternative measures for hiring the disabled, signed in April 2008.

France

- Agreement on social integration and job opportunities for the disabled, signed at Peugeot Citroën Automobiles S.A. on 22 September 2005; at Banque PSA Finance on 19 January 2006, at Citer on 7 March 2006; at Peugeot France on 15 June 2006; at SCEMM on 20 February 2006; and at Citroën France on 7 February 2006;
- Agreement concerning mandatory supplemental health insurance for Peugeot Citroën Automobiles S.A. managers; January and October 2007 amendments to the December 2000 agreement signed at Française de Mécanique on 27 July 2006 and 1 January 2008 and at Peugeot France on 8 March 2006;
- Agreement concerning supplemental health insurance at PMTC, signed on 22 November 2007;
- Agreement providing supplemental death and disability insurance coverage at Peugeot France, signed on 15 June 2006;
- Amendment renewing the agreement on social integration and job opportunities for the disabled, signed in July 2008.

Hungary

- Signature of a Health Charter, initiated by the Franco-Hungarian Chamber of Commerce and Industry.

Slovakia

- Collective agreement setting up an insurance system, improving working conditions and safety, etc., at the Trnava production plant, signed on 19 January 2007.

4.4.4 Organisation of working hours

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

PSA Peugeot Citroën applied the new 35-hour week legislation in France in 1999 and measures to reduce working hours while making the Group more competitive have been introduced in other countries.

▶ Number of part-time employees under permanent or fixed-term contracts

(Consolidated Group, excluding Faurecia, at 31 December)

To help employees improve their work/life balance, requests for part-time work are approved whenever possible with individualised solutions that align employee needs with efficient team performance.

These solutions include such measures as working part of a day or half-day, working a reduced number of total hours or working every other week.

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	2,940	5,130	215	8,285
	2007	3,060	5,275	0	8,335
	2006	2,255	4,760	25	7,040
Banque PSA Finance	2008	45	240	0	285
	2007	40	215	0	255
	2006	40	220	0	260
Gefco	2008	290	175	0	465
	2007	260	175	0	435
	2006	270	220	0	490
Other businesses	2008	25	5	0	30
	2007	90	5	0	95
	2006	10	0	0	10
TOTAL	2008	3,300	5,550	215	9,065
	2007	3,450	5,670	0	9,120
	2006	2,575	5,200	25	7,800

In 2008, some 9,065 employees worked part-time worldwide, of which 1,280 worked half-time. Of the total, 43% were women and 57% were men.

The high percentage of men working part-time is due to the large number of men on “partial retirement” in Spain, where 2,030 of the 2,074 part-time employees over 50 are men.

▶ Methodology

Part-time employees

Part-time employees are defined as employees who work fewer hours per week or fewer average hours over a period of up to one year, than a comparable full-time employee.

▶ Maternity, paternity and parental leave

(Consolidated Group, excluding Faurecia, at 31 December 2008)

Some 1,645 Group employees worldwide (excluding Faurecia) took maternity leave in 2008. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the women taking maternity leave during the year, 28% were operators, 46% were administrative employees, technicians and supervisors (ETAM) and 26% were managers.

A total of 4,340 Group employees worldwide (excluding Faurecia) took paternity leave in 2008. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the men taking leave in 2007, 59% were operators, 23% were administrative employees, technicians and supervisors (ETAM) and 18% were managers.

In all 1,010 Group employees worldwide (excluding Faurecia) took parental leave in 2008. Parental leave enables employees in certain countries to take time off from work following childbirth so that they may raise their children themselves. Of the employees taking leave in 2007, 39% were operators, 46% were administrative employees, technicians and supervisors (ETAM) and 15% were managers.

In April 2008, PSA Peugeot Citroën signed the French government's Working Parents Rights Charter, thereby pledging to create a favourable environment for working parents, especially for pregnant women, to give them a greater voice within the organisation and to apply the principles of non-discrimination with regard to their career development.

► Special work schedules

(Consolidated Group, excluding Faurecia, at 31 December)

		France			Rest of Europe			Rest of the world			TOTAL		
		2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Automobile Division	Double shift	31,620	29,955	26,185	10,565	10,200	9,155	1,590	1,270	3,235	43,775	41,425	38,575
	Triple or night shifts	14,080	9,460	9,185	4,120	3,980	3,300	290	780	1,735	18,490	14,220	14,220
	Weekend*	170	1,560	1,085	65	130	60	100	15	10	335	1,705	1,155
Banque PSA Finance	Double shifts										0	0	
	Triple or night shifts										0	0	
	Weekend*										0	0	
Gefco	Double shifts	830	1,440	720	415	465	610	35	140	330	1,280	2,045	1,660
	Triple or night shifts	415	165	125	290	235	255	35	5	35	740	405	415
	Weekend*	30	0	15	25	90	155	30	0	0	85	90	170
Other businesses	Double shifts	600	530	515		0	0		0	0	600	530	515
	Triple or night shifts	25	40	0		0	0		0	0	25	40	0
	Weekend*		0	0		0	0		0	0	0	0	0
TOTAL	DOUBLE SHIFTS	33,050	31,925	27,420	10,980	10,665	9,765	1,625	1,410	3,565	45,655	44,000	40,750
	TRIPLE OR NIGHT SHIFTS	14,520	9,665	9,310	4,410	4,215	3,555	325	785	1,770	19,255	14,665	14,635
	WEEKEND*	200	1,560	1,100	90	220	215	130	15	10	420	1,795	1,325

* Weekend shifts (generally Friday, Saturday and Sunday) are shorter than regular shifts.

In 2008, some 56,710 employees worked under special work schedules.

► Overtime

(Consolidated Group, excluding Faurecia, at 31 December)

Measures were undertaken very quickly in July to scale back production at every plant by eliminating additional shifts to curtail working

hours, reducing output, adjusting work schedules and introducing short-time work.

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	969,920	815,035	1,656,370	3,441,325
	2007	1,416,330	1,408,955	1,774,030	4,599,315
	2006	1,390,185	1,065,445	615,190	3,070,820
Banque PSA Finance	2008	12,240	22,545	0	34,785
	2007	1,175	19,255	50	20,480
	2006	2,520	17,855	0	20,375
Gefco	2008	195,515	212,925	181,260	589,700
	2007	335,210	183,445	144,630	663,285
	2006	390,835	189,650	55,125	635,610
Other businesses	2008	10,615	0	0	10,615
	2007	16,050	0	0	16,050
	2006	48,290	0	0	48,290
TOTAL	2008	1,188,290	1,050,505	1,837,630	4,076,425
	2007	1,768,765	1,611,655	1,918,710	5,299,130
	2006	1,831,830	1,272,950	670,315	3,775,095

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

▶ Short-time working

(Consolidated Group, excluding Faurecia, at 31 December)

		TOTAL
Automobile Division	2008	5,350,200
	2007	614,930
	2006	1,906,385
Banque PSA Finance	2008	0
	2007	0
	2006	0
Gefco	2008	24,060
	2007	3,440
	2006	1,825
Other businesses	2008	20,155
	2007	0
	2006	0
TOTAL	2008	5,394,415
	2007	618,370
	2006	1,908,210

Short-time work offers an alternative to redundancies. In France, short-time work totalled nearly 4,400,000 hours in the Automobile Division, with the variable work scheduling agreement helping to maintain compensation levels. Application of the agreement, which was signed in 2005, makes it possible to keep short-time employees at full salary for up to 25 unworked days, thanks to the partial compensation of overtime already worked (or to be worked within two years). This system provides 40% of the employee's salary to supplement the 60% provided by the short-time compensation guaranteed by the agreement.

Plants outside France also used unworked days, maintaining compensation levels through variable work scheduling agreements, which include time banks.

▶ Paid absences other than vacation

(Consolidated Group, excluding Faurecia, at 31 December)

		France		Rest of Europe		Rest of the world		TOTAL	
		Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave	Sick leave	Other paid leave
Automobile Division	2008	4,209,145	976,715	1,760,045	736,225	550,145	52,520	6,519,335	1,765,460
	2007	4,398,975	982,850	1,815,755	676,030	328,915	51,095	6,543,645	1,709,975
	2006	4,053,610	869,370	1,901,775	778,805	218,645	68,560	6,174,030	1,716,735
Banque PSA Finance	2008	34,035	21,870	50,380	30,205	0	720	84,415	52,795
	2007	30,835	13,375	78,645	34,430	115	590	109,595	48,395
	2006	29,205	21,520	63,690	33,445	1,000	2,260	93,895	57,225
Gefco	2008	238,830	92,305	184,405	79,830	8,595	5,945	431,830	178,080
	2007	286,495	166,020	166,180	34,495	7,855	6,340	460,530	206,855
	2006	289,670	183,655	222,740	40,635	8,760	3,160	521,170	227,450
Other businesses	2008	86,905	7,815	2,840	95	0	0	89,745	7,910
	2007	83,890	12,960	2,520	1,625	0	0	86,410	14,585
	2006	84,860	16,450	675	2,190	0	0	85,535	18,640
TOTAL	2008	4,568,915	1,098,705	1,997,670	846,355	558,740	59,185	7,125,325	2,004,245
	2007	4,800,195	1,175,205	2,063,100	746,580	336,885	58,025	7,200,180	1,979,810
	2006	4,457,345	1,090,995	2,188,880	855,075	228,405	73,980	6,874,630	2,020,050

Paid absences other than vacation totalled 9,129,570 hours, of which 7,125,325 for sick leave, 893,905 for maternity leave, 541,595 for accident-related absences and 568,745 for other reasons.

Based on the more than 294 million hours worked, the overall absenteeism rate stood at 3.1% for the year, compared with 3.5% in 2007.

4.5 Equal opportunity and human rights

4.5.1 Gender equality and diversity

▣ Ensuring equal opportunity and promoting diversity

PSA Peugeot Citroën is committed to employing people from a variety of backgrounds that reflect its host communities and environments, because a diverse workforce promotes synergy and balance, fosters the exchange of ideas and improves business performance.

Diversity means bringing together and nurturing the brightest talent, regardless of culture, nationality, gender, religion, political opinion, labour union activities, background, physical characteristics, career path, age, health or sexual orientation.

In addition to complying with legislation, PSA Peugeot Citroën applies and promotes best practices in the fight against racism, xenophobia, homophobia and, more generally, any and all forms of intolerance towards people who are different. It also guarantees respect for an employee's private life.

In France, Spain and the United Kingdom, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. In France, the committee verifies that merit raises and promotions are awarded in the same proportions as the different categories tracked across the organisation, such as non-French nationals, employees over 50 and disabled employees.

In France and Argentina, all of the measures called for in the 2004 agreements on diversity and social cohesion were implemented, while similar agreements were signed in Spain and in manufacturing subsidiaries.

After four years of substantial, extensive progress, a new Diversity and Social Cohesion Agreement was signed with all of the French labour unions on 6 October 2008.

PSA Peugeot Citroën was awarded the AFNOR diversity Label in recognition for its commitment to equal opportunity and preventing discrimination.

This commitment has been extended to operations outside France under the Global Framework Agreement on Social Responsibility.

To enhance its equal opportunity commitment, the Group partnered with a number of sociologists in 2007 to conduct a research study on stereotypes in the workplace. Their findings have enabled the Group to identify new areas for improvements. A new manager training programme was introduced in 2008. 1,145 managers were trained in more than 100 sessions.

In addition, 5,000 best practices guides for managers were distributed in March 2008.

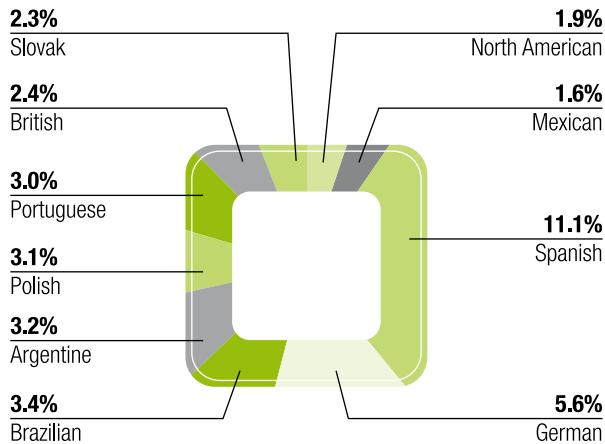
The guide has since been extended to Germany, Spain, the United Kingdom, Belgium and Italy.

Sensitivity training in these issues has been organised for Executive Committee members and managers in every host country.

In France, the Group demonstrated this commitment in 2008 by signing the Charter of Companies Supporting Equal Opportunity in Education.

▶ Top ten nationalities other than French represented in the Group

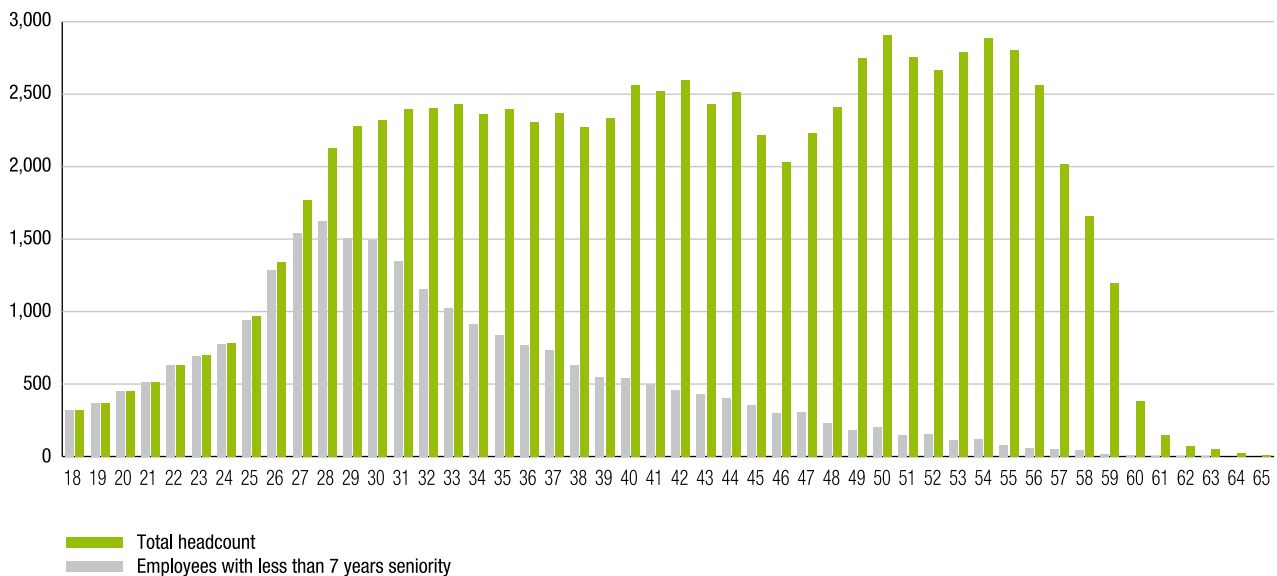
(Consolidated Group, at 31 December 2008 – percentage of total workforce)



In all, PSA Peugeot Citroën employs 97,725 non-French nationals, or more than 48% of the global workforce. The top ten nationalities other than French represented in the Group account for nearly 38% of the total workforce. There are now employees of 120 different nationalities.

▶ Age pyramid

(Automobile Division, France – employees under permanent and fixed-term contracts)



A balance has been attained between the different employee age groups.

► Easing the transition to the working world

In 2008, measures to help people excluded from the labour market to get back into the work world were added to the new agreement on diversity and social cohesion signed with all of the French unions on 6 October 2008. By offering lasting jobs, these measures will encourage the local hiring and retaining of the disabled, give young people a real chance at employment and help individuals in difficulty who have encountered obstacles along the way. In France, more than 170 social integration programmes were underway in 2008.

Worldwide, nearly 4,400 school-approved interns worked during the year, of whom 33% were women. By enabling interns to discover what it means to work in a company, PSA Peugeot Citroën is facilitating their entry into the workplace.

In addition, more than 2,500 students, nearly 28% of whom were women, took part in work-study and apprenticeship programmes.

Moreover, active vocational training partnerships with French national education systems are supporting a wide variety of programmes to prepare young people for careers in automotive manufacturing and sales and to help bring them into the workforce with job-oriented training curricula.

Training centres were set up to offer vocational courses in industrial and business skills in Slovakia, China, Brazil and Mexico. In 2008, these courses were attended by more than 2,500 local Group employees, over 500 students and more than 20 trainers and technical teachers.

► Retaining and motivating older employees

Employees over 50 make up around 22% of the consolidated workforce.

Retaining and motivating these “seniors” is one of the socially responsible commitments described in the Global Agreement and the diversity and equal opportunity agreements.

It is based on rightly recognising their experience and expertise by continuing to offer them real opportunities for personal growth and salary increases in the years until they retire.

To guarantee compliance, performance indicators, such as raises, training opportunities and career orientation reviews, are regularly analysed in France with employee representatives.

To get older employees actively involved in transferring their key knowledge and skills to the next generation, the Group has implemented programmes in which they serve as mentors and trainers. They are also asked to conduct training courses in Group skills-sets and jobs.

While older employees are never considered as “employees with restricted physical ability,” their characteristics are taken into account when defining working hours and organisation, medical care programmes and work-related health risk prevention programmes.

► Offering the disabled fulfilling employment opportunities

PSA Peugeot Citroën is committed to hiring and retaining disabled employees.

To broaden this commitment, the Group has also helped to develop and launch hanploi.com, a French job search website for the disabled.

The agreement signed on 21 July 2008 has renewed and improved the 22 September 2005 agreement designed to help disabled employees

retain their jobs, prevent disabilities and enable the disabled to play a productive role in the workplace.

It has given further impetus to policies in this area and raised awareness across the organisation of the need to integrate and recognise the contribution of disabled employees. The agreement supports other initiatives to promote equal opportunity within the organisation. Similar agreements have been signed in Argentina and Brazil.

▶ Disabled employees

(Consolidated Group, excluding Faurecia, at 31 December)

		France	Rest of Europe	Rest of the world	TOTAL
Automobile Division	2008	5,515	515	55	6,085
	2007	5,890	635	55	6,580
	2006	5,590	720	35	6,345
Banque PSA Finance	2008	5	15	0	20
	2007	5	15	0	20
	2006	5	15	0	20
Gefco	2008	100	45	0	145
	2007	125	50	0	175
	2006	105	40	0	145
Other businesses	2008	65	0	0	65
	2007	95	0	0	95
	2006	95	0	0	95
TOTAL	2008	5,685	575	55	6,315
	2007	6,115	700	55	6,870
	2006	5,795	775	35	6,605

Worldwide, the Group directly employs 6,315 disabled people, as defined by local legislation.

In all, 82% of disabled employees are operators, 15% are administrative employees, technicians and supervisors (ETAM) and 3% are managers.

In the Automobile Division in France, 8% of employees are classified as handicapped (including sheltered workers under contract), compared with the 6% national rate that businesses are encouraged to reach.

In France, more than €5.1 million was spent in 2008 on programmes related to hiring and retaining the disabled.

The above table does not include the 1,040 disabled people who work for Faurecia.

- Priority action no. 4.4 (2007-2008) – Ensure equal career development opportunities for older employees, the disabled and non-French employees.

Objective: Ensure that individual raises are awarded to employees in categories rated “sensitive” in the same or higher proportion as each category’s percentage in the workforce.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled “Sustainable Development Approach”.

▶ Guaranteeing gender equality in the workplace

By expanding the range of skills and enabling a broader exchange of ideas, a gender-balanced workforce is beneficial to the Group's performance.

Four years after the six French unions signed the company agreement on gender equality and employment for women, a new agreement was signed by all of the unions in November 2007, demonstrating a commitment to remaining a benchmark in this area and to pursuing the innovations undertaken to support jobs for women.

In 2008, French quality standards agency AFAQ/AFNOR Certification renewed the Group's "Equal Opportunity Employer" Label, based on its assertive gender equality policies and their compelling results. PSA Peugeot Citroën was the first company to be awarded the label, in 2005. The agency recognised that the Group's policies had delivered particularly significant gains in such areas as offering job opportunities for women, developing a gender-balanced workforce, ensuring equal pay for equal work and equal career development opportunities and

initiatives to improve work/life balance. Examples of the latter include flexible working hours and new employee assistance services, like corporate concierge services, company daycare centres, and financial support from the Works Councils.

- Priority action no. 4.3 (2008) – Guarantee gender equality in career development.

Objective: Ensure that individual raises and promotions are awarded to women in the same or higher proportion as their percentage in the workforce.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

▶ Number of women employees under permanent or fixed-term contracts

(Consolidated Group, at 31 December)

Women account for 18.9% of engineers and managers, 29.9% of administrative employees, technicians and supervisors (ETAM) and 18.6% of operators.

	2002	2003	2004	2005	2006	2007	2008	% increase 2002-2008
Operators	16,235	16,295	19,105	19,060	21,065	22,365	21,635	+33.26%
ETAM	14,420	15,510	16,655	16,395	16,175	15,650	15,610	+8.23%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	6,310	+48.65%
TOTAL	34,900	36,385	41,085	41,400	43,560	44,270	43,555	+24.79%

PSA Peugeot Citroën's commitments to gender equality were first expressed in the 12 November 2003 agreement on gender equality

and employment for women and renewed on 14 November 2007. As a result, 2002 has been chosen as the reference year.

▶ Percentage of women employees under permanent and fixed-term contracts

(Consolidated Group, at 31 December)

	2002	2003	2004	2005	2006	2007	2008
Percentage of total headcount	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	21.6%

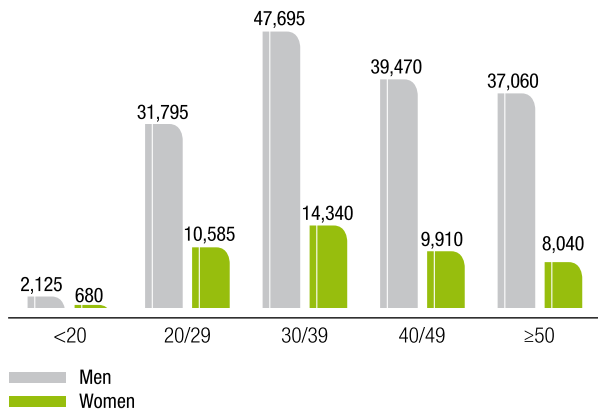
Employees under permanent and fixed-term contracts by gender and region

(Consolidated Group, at 31 December 2008)

	France		Rest of Europe		Rest of the world		TOTAL	
	Women	Men	Women	Men	Women	Men	Women	Men
Automobile Division	15,100	70,750	6,330	26,695	1,365	9,650	22,795	107,095
Banque PSA Finance	475	345	750	725	35	60	1,260	1,130
Gefco	1,555	3,480	1,340	2,645	200	840	3,095	6,965
Faurecia	3,570	12,170	7,780	19,740	4,735	10,145	16,085	42,055
Other businesses	305	870	15	30	0	0	320	900
TOTAL	21,005	87,615	16,215	49,835	6,335	20,695	43,555	158,145

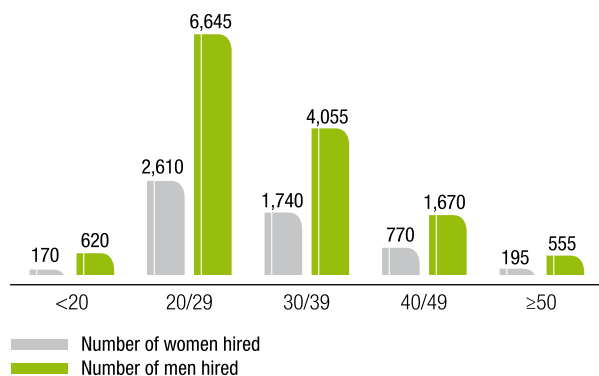
Employees under permanent or fixed-term contracts by age group and gender

(Consolidated Group, at 31 December 2008)



► New employees hired under permanent contracts by age group and gender

(Consolidated Group, at 31 December 2008)



The Group's commitment to gender equality is clearly demonstrated in its hiring practices.

In 2008, women accounted for 28.8% of the total number of new employees under permanent contracts by the various divisions worldwide, compared with 26.1% the year before.

The Group has further diversified its employee and skills base by pursuing new hiring channels. These include partnerships with educational systems and government employment services, online hiring initiatives and unsolicited applications. To ensure equal opportunity at every stage of the process, hiring practices have been

made more objective through the deployment of such tools as best practice guides for recruiters, anonymous CVs, simulation-based hiring techniques and training courses designed to help prevent discrimination.

In France, of the 2,694 engineers and managers hired from 2005 to 2008, 632 were women, 147 were non-French and 95 were over 45.

Internal controls are carried out regularly to ensure that the principle of equal opportunity is applied at every stage of the hiring process and to help define areas for improvement, which are then monitored over time. Internal social audits are systematically performed. Two such controls were conducted in fourth-quarter 2008, one to assess practices used to hire operators on a production site and the other to examine manager hiring practices.

On 15 February 2008, the Group signed a national agreement in France to hire young people from underprivileged urban areas. The agreement sets quantifiable objectives for integrating operators, interns and work/study participants. By hiring 236 operators, administrative employees, technicians, supervisors and managers, as well as 307 interns with widely differing educational backgrounds and 115 work/study participants – all from underprivileged urban areas – the Group surpassed its objectives by a wide margin. This commitment to providing employment for people outside the mainstream was renewed and reinforced in the new agreement on diversity and social cohesion signed on 6 October 2008.

► Percentage of women employees under permanent contracts, by age group

(Consolidated Group, at 31 December 2008)

	<20	20-29 years	30-39 years	40-49 years	≥50	TOTAL
Number of women hired	170	2,610	1,740	770	195	5,485
Percent of total hires	21.5%	28.2%	30.0%	31.6%	26.0%	28.8%

► Percentage of women managers by age group

(Consolidated Group, at 31 December 2008)

	<30 years	30-39 years	40-49 years	≥50 years
Number of women managers	1,130	2,965	1,435	780
Total number of managers	3,775	12,900	10,010	6,605
Percentage of women managers	29.9%	23.0%	14.3%	11.8%

The percentage of women among new hires and total headcount increased in every employee category. Today, nearly 29.9% of managers under 30 are women, compared with almost 11.8% of managers over 50.

▶ Percentage of women managers

(Consolidated Group, at 31 December)

	2003	2004	2005	2006	2007	2008
Percentage of women managers	15.3	16.5	17.3	17.9	18.6	18.9

▶ Senior managers

(Consolidated Group, excluding Gefco and Faurecia, at 31 December 2008)

At PSA Peugeot Citroën, “senior executives” include the members of the Expanded Executive Committee, along with the senior executives and senior managers in charge of adapting and implementing the Group’s strategic vision, policies and programmes.

	<30 years	30-49 years	≥50 years
Men	0	392	352
Women	0	17	21
TOTAL	0	409	373

Nationality	Number
French	680
Spanish	33
British	14
Argentine	11
Belgian	9
Brazilian	5
German	9
Italian	7
Swiss	5
Portuguese	2
Austrian	2
Dutch	2
Polish	1
Moroccan	1
Chinese	1
TOTAL	782

▶ Executive Management

(Consolidated Group, excluding Faurecia and Gefco, 2008)

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board with the support of the Executive Committee, whose ten members are all French and include two women.

▶ Employee complaints alleging discrimination or harassment

(Consolidated Group, excluding Faurecia, 2008)

In 2008, 66 complaints alleging discrimination were filed by employees.

According to Group procedure, each complaint was reviewed by the subsidiary’s Human Resources Department, to determine its validity and the remedial actions required.

20% of complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority.

Among the complaints settled:

- 50% were rejected;
- 35% resulted in disciplinary action for the person concerned;
- 15% were resolved without the accused person being held responsible.

4.5.2 Human rights

▶ Upholding fundamental human rights

The Group is committed to growth founded on socially responsible principles and practices, consistently applied in every host country and business around the world. In 2003, the Group pledged to uphold and promote the ten principles of the United Nations Global Compact, an agreement inspired by the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption.

The Group promotes the respect of human rights in every host country, even in regions where such respect is not always forthcoming, through policies that demonstrate to employees that it is deeply committed to the Universal Declaration of Human Rights.

This commitment is expressed to the public on the Group's sustainable development 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.



Universal Declaration of Human Rights:
<http://www.un.org/en/documents/udhr/index.shtml>

None of the Group's subsidiaries was convicted in 2008 of involvement in human rights violations or the use of forced labour.

Moreover, PSA Peugeot Citroën actively supports employee freedom of association and representation around the world and is committed to respecting the independence and pluralism of trade unions. Active, ongoing social dialogue is maintained with union representatives in every host country.

▶ Global Framework Agreement on Social Responsibility

The Global Framework Agreement on Social Responsibility, which covers all of the Automobile, Finance and Transportation & Logistics subsidiaries, was signed on 1 March 2006 with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and other unions in the major host countries. In all, the Agreement engages both the Group and nearly 85 unions around the world.



The Global Framework Agreement on Social Responsibility is available on the sustainable development website.

The Agreement has formalised PSA Peugeot Citroën's commitments in favour of fundamental human rights, good human resources practices and compliance of production partners, suppliers, dealership networks and host communities with the Group's social responsibility practices.

The involvement of employee representatives in the process is helping to guarantee that the commitments are effectively fulfilled while respecting local cultures.

Five commitments concern human rights, covering such areas as support and respect for human rights, refusal to accept complicity in human rights abuses, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the abolition of child labour, the elimination of discrimination in hiring and career development, the fight against corrupt practices and the prevention of conflicts of interest.

Seven commitments are designed to promote the application, in every host country, of best human resources management practices.

▶ Reviewing the first year of application of the Global Agreement in every subsidiary

The Global Agreement has now been deployed in all of the Group's 105 subsidiaries, covering 30 countries and every unit in the Automobile Division, Banque PSA Finance and Gefco.

After one year of application, performance was reviewed by requesting that each subsidiary assess results based on the Agreement's fourteen commitments. The findings were submitted for opinion to the unions and local employee representatives, who did not report any major contradictions. The reviews were also audited by certified professionals.

An initial consolidated review of the Global Agreement was presented to the expanded European Works Council on 14 June 2007. The findings were very encouraging in every area covered by the Agreement, with 98% of subsidiaries addressing the main priority commitments,

especially in human rights. A total of 1,175 action plans were defined for all subsidiaries.

To identify priority areas for improvement, each subsidiary was asked to choose three action plans from among the 1,175, monitor them closely, and lead discussions on these topics with unions and/or employee representatives. Overall, 284 priority action plans were chosen, mainly concerning commitments with regard to respect for fundamental human rights. One priority action plan aims to improve compliance with one or more commitments in the Agreement.

▶ Reviewing the second year of application of the Global Agreement in every subsidiary

A second review was presented on 19 June 2008 to the European Works Council, in which Argentina and Brazil participated.

The review confirmed the deep-seated commitment of each country to diligently applying the agreement. All countries are fully involved in the process and those that had problems in 2006 and 2007 have responded by using the Global Agreement as a team-building tool.

- 97.5% of employees are represented by independent unions or employee representatives, versus 97% in 2006.
- 66% of action plans have been completed out of the 1,175 defined during the self-assessment in 2006.
- Nearly 86% of the three priority action plans have been completed, for a total of 243 actions of the 284 in the plans.
- 302 new priority action plans were defined for 2008. They primarily addressed the following issues:
 - safety, health and working conditions,
 - employee participation channels,
 - developing the skills of tomorrow through continuing education,
 - Eliminating discrimination and promoting equal opportunity,
 - sharing social responsibility practices with suppliers, subcontractors and dealership networks,
 - avoiding complicity in human rights abuses.

In compliance with the commitment in the Global Agreement, a review of the third year of application will also be carried out. It will enable each subsidiary to see how the Agreement is being deployed and what improvements have been made through the action plans launched in

2007 and 2008. Scheduled for presentation at the European Works Council meeting in June 2009, the review will:

- Measure improvements made between the first and the third year of application.
- Identify new priority areas for improvement in each country.
- Define three priority actions plans for 2009.



Sustainable Development Objective no. 4.

Extend PSA Peugeot Citroën's social responsibility commitment worldwide.

- Priority action no. 4.1 (2007-2009) – Deploy PSA Peugeot Citroën's Global Framework Agreement on Social Responsibility.

Objective: Review, on a Groupwide basis, application of the Global Agreement so as to define objectives and implement the related action plans.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

▶ Training in human rights policies and procedures

(Consolidated Group, excluding Faurecia, 2008)

Training in human rights policies and procedures	Number of hours	Number of employees	Of which security staff	
			Number of hours	Number of employees
Equal opportunity, diversity, anti-discrimination training, etc.	28,085	5,205	375	300
Compliance with internal rules, Global Agreement, Code of Ethics, data privacy guidelines, etc.	12,940	6,610	625	455
Corruption, conflicts of interest, etc.	1,465	955	215	220
Other	4,830	285	535	60
TOTAL	47,320	13,055	1,750	1,035

In 2008, some 13,055 employees, or 9% of the global workforce, participated in training in human rights policies and procedures.

Some of the courses focused on an issue related to the employee's duties, such as the anti-money laundering course designed to combat money laundering, prevent fraud and avoid financing terrorist activities, which was a required course for all finance company employees. Others, concerning human rights and anti-discrimination practices, were specifically intended for managers and recruiters. Still others were presented in the form of a module in a more general programme, such as orientation training for young hires.

As part of the deployment of the Global Framework Agreement on Social Responsibility, every employee was informed of the Group's commitments to respecting and promoting human rights through presentation meetings, posters, brochures and other means. This information process is not measured in the indicator.

In addition, the Group's human rights policies and procedures are explained on the human resources intranet site and illustrated by the different agreements signed by the Group, including the text of the Universal Declaration of Human Rights and the Global Compact's ten principles.

▶ Sharing social responsibility practices with suppliers, subcontractors, dealership networks and production partners

Alongside quality, lead times and cost, PSA Peugeot Citroën intends to make compliance with its social responsibility practices a core component of its purchasing policy.

For example, one of the key criteria in the supplier approval process is compliance with International Labour Organisation principles. Suppliers who fail to respect human rights must respond immediately with corrective action plans, while continued violations will lead to sanctions, including exclusion from the Group's list of approved suppliers.

In January 2007, the Group's 1,000 largest suppliers were sent a detailed guide specifying its social responsibility and environmental requirements, which was accompanied by a letter signed by the Vice President, Purchasing.

All of the suppliers are expected to formally agree to comply with these standards, notably those concerning compliance with the rule of law, support and respect for human rights, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of discrimination, the elimination of all forms of forced and compulsory labour and the abolition of child labour.

Suppliers who have formally committed to comply with these standard are discussed in section 1.3.1 of the Economic Performance chapter.

Dealers and production partners have also been formally informed of the Group's social responsibility commitment, and have been requested to demonstrate irreproachable compliance with human rights.

Gefco has also implemented a procedure to share its social responsibility requirements with suppliers and subcontractors.

▶ Extending best human resources management practices worldwide

The Global Agreement is designed to promote the application, in every host country, of best human resources management practices in the areas of career management and skills development through training and equal opportunity, healthcare coverage and benefits, working conditions that comply with the highest international standards, and workplace health and safety programmes. In addition, all employees are paid profit-shares based on the Group's financial performance.

The Group's social commitments have been reinforced in a number of countries.

PSA Peugeot Citroën ensures that social and corporate citizenship issues are integrated into the good human resources practices deployed in all of its host countries, including those that are tracked by social rating agencies or Transparency International.

Initiatives concerning the Global Agreement's commitment with regard to violations of human rights included:

- The installation of a whistleblower mail box at Gefco Argentina.
- The deployment of a whistleblower procedure at Peugeot Poland.
- Change in internal rules with stricter criteria regarding child labour at Peugeot Chile, Citroën Czech Republic and Peugeot Slovenia, among others.

Initiatives concerning the Global Agreement's commitment with regard to freedom of association and the recognition of the right to collective bargaining included:

- The creation of a works council at Peugeot Algeria.

Initiatives concerning the Global Agreement's commitment with regard to anti-corruption measures included:

- Appointment of a security manager to handle all corruption-related issues at Peugeot South Africa.
- Drafting of a standard specifying procedures to be followed in the event of an attempt to bribe an employee at Peugeot Croatia.

▶ Partnerships in host countries and communities

The Global Framework Agreement on Social Responsibility also covers the Group's contribution to the economic and social development of host communities, in particular by using and training local human resources whenever possible and cooperating with local authorities in the event of changes in the business base.

To fulfil this commitment, a large number of partnerships have been formed with national employment and vocational training agencies, as well as with social integration associations.

▶ Using social audits to drive progress and social cohesion

PSA Peugeot Citroën's social responsibility policies have been deployed worldwide and are regularly monitored. Data are reported annually by every subsidiary around the world via a dedicated social reporting system, in full compliance with France's NRE legislation and Global Reporting Initiative guidelines.

In 2005, Corporate Human Resources introduced an internal social audit process to verify compliance with legal and regulatory standards, the Group contractual commitments and social responsibility principles in every host country worldwide. These audits are conducted by a social audit team certified by the Centre de Certification Internationale d'Auditeurs Spécialisés (C.C.I.A.S). The team is supported by 17 full-time auditors from the Group's internal audit team, who help to carry out social audit assignments with the contribution of 115 people around the world.

Internal audits are supplemented by external compliance audits concerning employee relations information and social responsibility commitments. The results of these audits are reported by subsidiaries, in line with the Global Agreement, covering such areas as compliance with human rights and the elimination of discriminatory practices.

An audit is not an end in itself, but a means of driving continuous improvement in our internal processes. By recommending remedial actions and regularly tracking their application, social audits help to impel a continuous improvement dynamic that has now become a key feature of our corporate culture.

Social audits are also designed to enhance alignment of human resources practices across the Group and prevent any practice or application that violates our commitments and social responsibility.

The process emphasises self-assessment by human resources managers in the Group's facilities, host countries and corporate departments. As part of this process, the auditor's role is to:

- Conduct targeted audits on the assigned priority issues.
- Guide senior management and facility managers in the self-assessment process.
- Prepare audit grids for this process.
- Work with the facilities to ensure rapid implementation of the necessary corrective measures.

In 2008, 19 facilities or units were audited, with a focus on application of the Global Framework Agreement on Social Responsibility, hiring procedures and non-discrimination practices, the use of temporary workers and gender equality in the workplace.

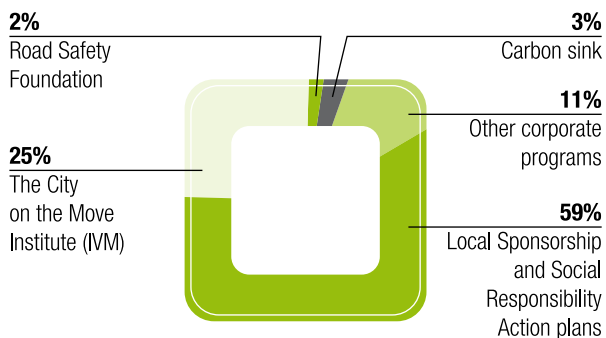
4.6 Social responsibility



PSA PEUGEOT CITROËN's social responsibility policies are presented in the Sustainable Development and Annual Report and in the Corporate Citizenship section of the Group's sustainable development website:

- Road Safety;
- Customer Relations;
- Urban Mobility.
- Institutions & Communities.

▶ Group contribution to social responsibility programmes



Local sponsorship and social responsibility initiatives account for more than half of the Group's corporate citizenship budget. Managed by local plants and facilities, these initiatives demonstrate the Group's commitment to playing an active role in local communities.

4.6.1 The Group's initiatives

▶ The City on the Move Institute (IVM)

Created by PSA Peugeot Citroën in 2000, the City on the Move Institute (IVM) has initiated and promoted research and trials aimed at understanding how urban mobility is changing. Its projects bring together business people, researchers, academics, architects, urban planners, urban developers, transport providers, local authorities, people involved in society and the arts, and members of associations. Each partner is a stakeholder in a given project, supporting the research or programme with financing, resources or expertise.

In 2008, PSA Peugeot Citroën allocated €1,263,000 to IVM, which focuses on three priority issues:


- Facilitating mobility for people in social difficulty.
- Understanding mobility issues in urban planning and architectural design.
- Mobility as a value to instil in communities.

IVM is involved in projects in Europe, China and Latin America.

In 2008, the international travelling exhibition called "The Street Belongs to All of Us" was translated into three languages and presented in China, Latin America and North America. Each event featured conferences on various types of urban mobility and ways in which street space is shared. The "Day-to-Day Mobility of Employees" project led to the publication by Editions Les Carnets de l'Info of a work entitled *Domicile-travail, les salariés à bout de souffle!* by Eric Le Breton, the project's scientific director. IVM also organised a mobility workshop as part of France's Social Insertion Summit and brought out two books by Jean Pierre Orfeuill: *Une approche laïque de la mobilité*,

published by Editions Descartes Et Cie, and *Mobilités urbaines, l'âge des possibles*, published by Editions Les Carnets de l'Info.


In China and Latin America, IVM continued to support innovative thinking on the quality of urban life, in line with local priorities. In a commitment to serving as effective resource centres, IVM/China and IVM/Latin America organised several scientific conferences, round tables and presentations of design projects.



Sustainable Development Objective no. 9
Finance innovative mobility solutions.

- Priority action no. 9.1 (2007-2008) – Support the emergence of innovative mobility solutions to facilitate social integration.

Objective: Support IVM in its commitment to improving access to jobs in today's cities, in particular for people with few marketable skills.




The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

▶ Carbon sink

As part of the fight against global warming, the Peugeot carbon sink project in Brazil is studying the relationship between reforestation and the absorption of carbon dioxide, the leading greenhouse gas. Conducted in partnership with France's national forest service ONF and Pro-Natura, a Franco-Brazilian NGO, this 40-year project is financed by Peugeot. Reforestation promotes the biodiversity of plant species, while getting communities involved through local native species planting programmes.

The project's tenth anniversary was celebrated in 2008, when the Carbon Sink Scientific Steering Committee held its ninth meeting in Paris. The event provided an opportunity for a second comprehensive review of the project, which has seen the planting of more than two

million trees representing 50 different local species. It is estimated that 53,000 tonnes of CO₂ have been sequestered on the 1,742 hectares reforested. Depending on tree spacing and the species planted, sequestration may vary from 2 to 12 tonnes of CO₂ per hectare per year from one plot to another. The methodology used was prepared by the International Panel of Experts on Climate Change.



The Peugeot carbon sink press release and press kit may be downloaded from the Group's website.

► Road safety and other initiatives

PSA Peugeot Citroën contributes to a variety of road safety programmes, in particular through the Road Safety Foundation.

As part of its commitment to fighting social exclusion, since 2000 the Group has supported the Paris emergency social services agency by donating and maintaining its vehicle fleet. The vehicles are used day and night by the mobile teams that criss-cross the capital to provide emergency care and assistance to the homeless and other disadvantaged people, and then, if requested, take them to hospitals or shelters. The Group is a member of the agency's Board of Directors.

Peugeot also pursued its partnership with *Solidarité Sida*, an association that solicits donations from the public for AIDS research.

In addition, at Citroën's request, technical teachers "without borders" regularly conduct one-off training programmes as needed. In all, 14 programmes were offered by 11 teachers without borders in five languages in Tunisia, Turkey, Cameroon, Madagascar and seven other countries.

4.6.2 Local Sponsorship and Social Responsibility Action Plans

► Expenditure committed to support Local Sponsorship and Social Responsibility Action Plans

Local Sponsorship and Social Responsibility Plans enable sites to structure their outreach programmes with local institutions, associations and other stakeholders.

Most of the action plans involve sponsorship and community outreach initiatives, reflecting the Group's social responsibility commitment, while fostering more effective dialogue with both employees and the public. The plans are deployed in France and other countries on production sites and in offices.

Plan components focus on the following areas:

- The environment, with programmes to preserve or restore natural sites, raise people's awareness or train them in environmental techniques.
- Road safety, with programmes to inform people, raise their awareness and teach correct practices.
- Urban mobility, with programmes to support safer, cleaner, more accessible mobility.
- Local development, with host community outreach programmes such as the Solidarity Trophies, a competition that provides funding for employees who want to lead a project to support local or international solidarity.

	Mobility	Environment	Road safety	Local development
2008	6%	15%	18%	61%
2007	5%	9%	19%	67%
2006	6%	16%	22%	56%

In 2008, local sponsorship and social responsibility expenditure was primarily allocated to local development action plans.

Certain action plans may extend over more than one year, such as:

- Advisory services for small and medium-size companies.
- Participation in educational projects in primary and secondary schools.

- Support for associations that help people find jobs.
- Participation in environmental events.
- Assistance in rehabilitating nature reserves near the Group's sites.
- Donations of second-hand computers.
- Donations of exterior components and mechanical subassemblies.

► Developing roots in host countries

In 2008, the Group undertook a number of local outreach initiatives in communities near its production facilities and office sites. These included:

- Providing environmental or industrial organisation advisory services for small and medium-sized companies located near the plants in Rennes, Aulnay, Trémery, Sochaux and Mulhouse.
- Supporting local social, cultural and sports associations in Vesoul, Vigo, Douvrin, Valenciennes, Trnava, Sochaux, Poissy, Metz, Madrid and Aulnay.
- Lending vehicles throughout the year to various associations in Paris, Sochaux and Aulnay.
- Donating vehicles, mechanical subassemblies, body shells and spare parts in Vesoul, Valenciennes, Rennes, Mulhouse, Trnava and Madrid.
- Supporting the *Fondation de la deuxième Chance* in Rennes.
- Supporting associations in Madrid, Vélizy, Rennes, Poissy, Porto Real and Paris that help people outside mainstream society find jobs.

Special action plans are also deployed by the Group's various facilities.

For a number of years, PSA Peugeot Citroën has supported a science awareness programme in Slovak primary schools based on the *La Main à la Pâte* (Hands-On) method.

In addition, The Vélizy facility participated in a "Run For the Heart," a humanitarian run to raise public awareness of the importance of organ donations.

In 2008, the Group provided support for earthquake victims in China's Sichuan province, helping to build housing and purchasing tents, clothing, school supplies and other essentials.

To encourage community outreach projects, three facilities organised the Solidarity Trophies, a competition designed to provide financial support for employees seeking to organise – either personally or as part of an association – a local or international solidarity project that delivers collective benefits in five categories: Ecology, Education, Integration, Mobility and Emergency/Topical.

- **Priority action no. 9.2 (2007-2009) – Support associations promoting the mobility of people in social difficulty.**

Objective: Support associations located near our facilities.

► Promoting road safety

Raising driver awareness of road safety issues is a major focus of PSA Peugeot Citroën's corporate citizenship commitment. In 2008, 12 French production facilities and office sites led awareness building programmes for employees and/or local residents throughout the year. Facilities in China, Brazil and Argentina have also been highly active in deploying this type of programme.

In 2008, the following actions were organised:

- Remedial and safe driving courses in Vesoul and Metz.
- Road safety days organised for primary school children in China, Brazil and Argentina.
- Donating vehicles for drills in Vélizy and Trémery to learn how to free people trapped inside after an accident.
- Free tyre and headlight inspections at the Caen, Valenciennes and Trémery facilities so that employees can check their cars before leaving on holiday.
- Preparing and distributing information booklets at the Vélizy, Poissy, La Garenne, Aulnay and Paris facilities in France and at plants in Brazil and China.

- Organising exhibits, events, video games, driving simulators, rollover simulators and drunk driving simulations in Paris and Poissy, and helping to create a go-kart driving school for employee children and local residents to raise awareness among young people about road safety hazards.
- In China, the Group helped to design a travelling road safety exhibition that visited six schools in each of six cities, reaching out to more than 5,000 children. More than 60,000 families received road safety manuals. PSA Peugeot Citroën also set up a semi-permanent exhibit at the Beijing Science and Technology Museum.
- In Turkey, Gefco offered courses on how to drive safely in threatening situations.

These initiatives are being led in partnership with educational institutions and organisations like the Global Road Safety Partnership in Brazil, DENATRAN, Brazil's national traffic department, the MACIF insurance company, local fire brigades and France's road safety association.

▶ Environment

In 2008, the Group launched a range of environmental initiatives, including:

- Environmental events, such as *Vive la Seine* in Poissy, World Environment Day in Trémery, an exhibition by the Extramuros association in La Garenne, and Tree Day and Water Day in Brazil.
- Educational campaigns on environment protection in Aulnay, Poissy, Sochaux and Trnava, among others.

▶ Supporting sustainable mobility

Mobility is one of the basic building blocks of modern society, determining access to jobs, healthcare and culture.

Encouraging sustainable mobility also means supporting the inalienable right to mobility, ensuring the right balance between the different modes of transport and promoting technologies that contribute to the free flow of automobile traffic.

Logistical support for employee car-pooling: Group facilities in Sochaux, Paris, Trémery, Rennes, Aulnay and the Poissy office complex offer employees special car-pooling intranet sites to facilitate their commute. Other types of employee car-pooling systems are available at certain sites in the Paris region and other parts of France.

In addition, the Group continued to donate vehicles to associations that use mobility to alleviate social and economic exclusion.

Sites also organise initiatives more the mobility-challenged, such as:

- Holding one-day campaigns at the Valenciennes, Trnava, La Garenne and Aulnay facilities to raise employee awareness about the special needs of people with disabilities.
- Recycling plastic bottle caps at the Paris, La Garenne, Saint-Ouen, Valenciennes and Vélizy facilities, with proceeds donated to help-the-handicapped associations.

▶ Methodology

Methodological Guidelines for Local Sponsorship and Social Responsibility Action Plans

Local Sponsorship and Social Responsibility Action Plans are one of the ways that Group facilities can demonstrate their corporate citizenship commitment to local communities, institutions, associations and other regional stakeholders.

The Methodological Guidelines for Local Sponsorship and Social Responsibility Action Plans are used to estimate the cost of

- A radio campaign in China on environmentally friendly approaches to motor vehicle use. It focused on reducing greenhouse gas emissions, selecting the most appropriate means of transportation, choosing the right car, and using a car wisely.
- In Brazil, a partnership with the University of Sao Paulo chemistry laboratory to conduct experiments on biofuels.

- **Priority action no. 8.2 (2007-2008) – Enhance the effectiveness of programmes to raise awareness of road safety in France.**

Objective: Enhance the Group's awareness-building programmes deployed in host communities as part of Local Sponsorship and Corporate Social Responsibility Action Plans.

- **Priority action no. 8.3 (2007-2009) – Help to improve road safety in China.**

Objective: Support initiatives to raise awareness of road safety in China.



The 10 sustainable development objectives and the 2008 results of the priority actions are presented in detail in the section entitled "Sustainable Development Approach".

programmes undertaken to address the issues of urban mobility, the environment, road safety and local development.

These costs comprise the euro-equivalent of time spent by employees, cash donations and subsidies, payment of invoices and equipment donations and loans.

5

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CORPORATE GOVERNANCE AND ETHICAL PRACTICES

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5.1 Corporate governance structures

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.

5.1.1 Management and supervisory bodies

► The Supervisory Board

The Supervisory Board has twelve members plus two non-voting advisors (*censeurs*), all of whom are elected by shareholders for six-year terms. The other functions exercised by Supervisory Board members and advisors are listed in section 14.1.1 of the 2008 Registration Document, as well as the dates when they were elected and when their terms end.

Under French company law, only the Annual Shareholders' Meeting has the authority to remove a Supervisory Board member from office.

The Supervisory Board comprises the following members: Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Jean-Louis Silvant, Marc Friedel, Jean-Louis Masurel, Jean-Paul Parayre, Robert Peugeot, Henri Philippe Reichstul, Marie-Hélène Roncoroni, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot Jr., François Michelin, (advisor), Bertrand Peugeot, (advisor, died in February 2009), Roland Peugeot (advisor). The other functions exercised by Supervisory Board members and advisors are listed in section 14.1.1 of the 2008 Registration Document.

► The Managing Board and Executive Committee

In 2008, the Managing Board was comprised of Christian Streiff, Chairman, Grégoire Olivier, Jean-Philippe Collin, Gilles Michel* and Roland Vardanega. Managing Board members are appointed by the Supervisory Board for four-year terms. They may be removed from office by the Supervisory Board pursuant to the Company's bylaws, or by shareholders in a General Meeting, in accordance with French company law.

On 29 March 2009, the Supervisory Board removed Christian Streiff from office as member and Chairman of the Managing Board and appointed Philippe Varin Chairman of the Management Board effective 1 June 2009. Roland Vardanega, who is already a member of the Managing Board, was appointed Chairman pro tempore for the period from 30 March to 31 May 2009.

The other functions and directorships held by Managing Board members are listed in section 14.1.2 of the 2008 Registration Document, as well as the dates when they were appointed and when their terms expire.

Executive management of the PSA Peugeot Citroën Group is the responsibility of the Managing Board with the support of the Executive Committee, which had 10 members in 2008. As of 1 April 2009, following the departure of Christian Streiff, Gilles Michel and Jean-Luc Vergne, the members of this Committee were: Roland Vardanega, Chairman of the Managing Board; Jean-Philippe Collin, member of the Managing Board (Peugeot); Grégoire Olivier, member of the Managing Board (Programmes); Frédéric Saint-Geours (Advisor to the Chairman); Isabel Marey-Semper (Finance and Strategy); Denis Martin (Human Resources); Jean-Claude Hanus (Legal Affairs, Institutional Relations and Internal Audit); and Liliane Lacourt (Corporate Communications).

In addition to the above members, the Expanded Executive Committee also includes Claude Vajsman (China), Vincent Rimbaud (Latin America), Jean-Christophe Quémard (Purchasing), Daniel Marteau (Replacement Parts), Alain Sartoris (Executive Development and Information Technology) and Pascal Henault (Automobile Research and Innovation), who each report directly to the Chairman of the Managing Board.

* Member of the Managing Board until 31 December 2008.

► Sanctions applicable to members of the Supervisory Board and Managing Board

To the best of the Company's knowledge, in the last five years no member of the Supervisory Board or Managing Board has (i) been convicted of any fraudulent offence, (ii) been a member of the administrative, management or supervisory body of a company that has been declared bankrupt, or placed in liquidation or receivership, (iii) been the subject of any official public incrimination and/or sanctions

by statutory or regulatory authorities or (iv) 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.

5.1.2 Compliance with best corporate governance practices

► Adoption of the AFEP-MEDEF Corporate Governance Code

On 16 December 2008, the Supervisory Board decided to adopt the AFEP-MEDEF Corporate Governance Code, as applicable to French joint-stock companies with a Supervisory Board and Managing Board. The consolidated version of the Code, issued in December 2008, may be consulted at Peugeot S.A.'s head office or on the AFEP or MEDEF websites. Peugeot S.A. applies all of the recommendations, except for the following points:

- To assess its members' independence, the Supervisory Board applies the recommended criteria, except that members who have sat on the Board for more than twelve years or who have been a director of another Group company during the last five years may nevertheless be deemed independent.

The Board considers that the automobile industry experience acquired as members of the Board is extremely valuable, particularly in a business requiring a medium and long-term vision. The Board also considers that the fact of having recently been a director of another Group company does not give rise to any risk of the type of conflict of interest that the independence rules are designed to avoid. No member of the Board exercises any senior executive responsibilities or is a salaried employee of a Group company.

As an exception to the recommendations in the AFEP-MEDEF Corporate Governance Code, the membership of the Finance Committee and the Compensation and Appointments Committee takes into account not only the Group's independence criteria, but also the requirement to have representatives from members of the Peugeot family, which is the Group's majority shareholder.

- Supervisory Board members' terms of office are set at six years rather than four as recommended in the Code, as the Board considers that a supervisory and oversight body needs to be in place for a certain amount of time in order to be able to effectively perform its duties. The term of office for Managing Board members is four years however.
- Lastly, the Board believes that it would be neither helpful nor necessary to set up a variable component for attendance fees based on members' attendance at Board and Committee meetings. Given that attendance rates at these meetings were 98% and 95% in 2008 and 2007 respectively, the Board feels that there is no need to give added incentives for members to attend meetings. Furthermore, the Chairman of the Supervisory Board frequently consults Board members on issues outside of scheduled meetings, and likewise, Board members regularly take the initiative of informing the Chairman of their opinions and recommendations.

5.1.3 Conflicts of interest concerning Supervisory Board or Managing Board members

To the best of the Company's knowledge, there are no conflicts of interest between the duties of Supervisory Board and Managing Board members to Peugeot S.A. and their private interests or other duties.

No loans or guarantees have been granted to or on behalf of any members of the Supervisory Board or Managing Board by the Company or any Group entities.

No assets required for the operation of the business are owned by any members of the Supervisory Board or Managing Board or their families.

The Supervisory Board believes that its membership appropriately reflects the percentage of capital held by the Company's main shareholder, the Peugeot family.

As of 1 March 2009, the Board comprised five family members: Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel. Marie-Hélène Roncoroni is Thierry Peugeot's sister, and Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marc Friedel are second cousins. There are no family ties among the other Supervisory Board or Managing Board members. Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. have no ties with the Company, its Group or its management and contribute their international financial and managerial experience to the Board's deliberations. A former member of the Executive Committee, Jean-Louis Silvant contributes his long experience in a large number of executive positions with the Group, particularly in production and human resources management.

Jean-Paul Parayre, former Chairman of the Peugeot S.A. Managing Board and Chairman of the Supervisory Board of Vallourec, contributes his knowledge of the automobile industry and the Group's operation, as well as of British and American corporate governance practices.

In accordance with the consolidated Corporate Governance Code for listed companies issued by the AFEP-MEDEF in December 2008, the Supervisory Board has reviewed its membership and considers that Jean-Louis Masurel, Henri Philippe Reichstul, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière and Joseph F. Toot Jr. can be qualified as independent. To assess its members' independence, the Supervisory Board applies the recommended criteria, except that members who have sat on the Board for more than twelve years or who have been a director of another Group company during the last five years may nevertheless be deemed independent.

The Board considers that the automobile industry experience acquired as members of the Board is extremely valuable, particularly in a business requiring a medium and long-term vision. The Board also considers that the fact of having recently been a director of another Group company does not give rise to any risk of the type of conflict of interest that the independence rules are designed to avoid.

No member of the Board exercises any senior executive responsibilities or is a salaried employee of a Group company.

When new members are proposed for election at the Annual Shareholders' Meeting, the Supervisory Board will select candidates based on the recommendations of the Compensation and Appointments Committee and the independence criteria referred to above.

5.1.4 Organisation and operating procedures of the Supervisory Board

► Role of the Supervisory Board

In accordance with the law, the Supervisory Board is responsible for appointing the members of the Managing Board and for overseeing their management of the Company. The Company's bylaws also attribute to the Supervisory Board authority to remove members of the Managing Board from office, and to approve corporate actions, bond issues, the signature or termination of agreements with other companies operating in the same industry that will have a decisive

impact on the Group's future development, and any major transaction that substantially alters the business or financial structure of the Company or the Group. In addition, the Supervisory Board ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board. The Supervisory Board meets at least once every quarter; the agenda of each meeting is prepared by the Chairman.



► Supervisory Board meetings in 2008

The Supervisory Board met five times in 2008, with an average attendance rate of 98%. At each meeting, the Board reviewed the Managing Board's report on the Group's operations and performance in terms of quality, sales, production, financial results and human resources. It was also presented reports on the Group's major strategic

growth programs and objectives. The Managing Board presented the 2009 budget at the December meeting. The Committees of the Board reported their findings and recommendations at each of the meetings during the year.

► Supervisory Board operating procedures

The Supervisory Board's internal rules set out its stewardship and control responsibilities. In particular, the Supervisory Board is responsible for reviewing the Managing Board's quarterly reports, as well as the annual financial statements of the Company and the Group and the Managing Board's report to the Annual Shareholders' Meeting.

The internal rules also stipulate that the Supervisory Board is required to authorise, in advance, the following actions by the Managing Board as provided for in Article 9 of the bylaws:

- Shareholder-approved share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions.
- Any and all issues of convertible or non-convertible bonds.
- Any proposed merger agreements or agreements for the sale of a business.
- The signature or termination of any manufacturing or sales agreements representing a future commitment for Peugeot S.A., with companies whose corporate purpose is similar or related to that of Peugeot S.A., and generally the execution of any major transaction which substantially alters the scope of the business or the balance sheet structure of the Company or the Group.

Certain other actions exceeding financial limits set by the Supervisory Board may be carried out only with the unanimous backing of all the members of the Managing Board or, failing that, with the prior authorisation of the Supervisory Board. These include the purchase or sale for cash or for shares of any building and business rights used by Peugeot S.A. involving an amount in excess of €50 million, the purchase or sale of any equity interest in any other company directly or indirectly representing an immediate or deferred investment, expense, credit guarantee or seller's warranty involving an amount in excess of €50 million, and any borrowings by Peugeot S.A. other than in the form of bonds, involving an amount in excess of €100 million.

The internal rules describe the information to be made available to the Supervisory Board, the process to be followed to determine the issues to be discussed at Supervisory Board meetings, the terms of reference of each Board committee as well as the obligations of Supervisory Board members, especially those arising from their constant access to insider information.

Lastly, guarantees given on behalf of subsidiaries are submitted for Supervisory Board approval when the amount involved exceeds €25 million or the cumulative amount of guarantees given during the year exceeds €125 million (excluding customs and tax bonds).

In February 2008, the Supervisory Board conducted a new self-assessment of its procedures and structure, which found that the quality of discussions during the meetings and the members' knowledge of the Group had all improved. The number of meetings was set at five per year. The self-assessment also noted the members' interest in examining in more depth subjects concerning strategic or long-term issues. Lastly, knowledge of the Group has been further improved by theme presentations by members of the Managing Board or senior executives and by meetings with line managers during on-site visits. The assessment also addressed the terms of reference of the Board committees and the reporting of the committees' findings and recommendations.

5.1.5 Supervisory Board committees

The Supervisory Board has created three specialised committees: the Strategy Committee, the Compensation and Appointments Committee and the Finance Committee. The role of these Committees is to analyse and prepare certain matters to be discussed at Supervisory

Board Meetings. They therefore act in a purely consultative capacity, issuing proposals, recommendations and opinions on the areas falling within their terms of reference and submitting them to the Supervisory Board at its meetings.

► The Strategy Committee

The Strategy Committee is responsible for considering the Group's long-term future and strategic vision. In line with this role, it reviews all matters of strategic importance as well as the Managing Board's long-term strategic plan. It is consulted about proposed major transactions and prepares Supervisory Board decisions on strategic projects submitted for the Board's approval in accordance with Article 9 of the bylaws.

The Committee comprises seven members who are appointed in a personal capacity and may not be represented by another party: Jean-Philippe Peugeot (Committee Chairman), Jean-Paul Parayre, Robert Peugeot, Thierry Peugeot, Henri Philippe Reichstul, Ernest-Antoine Seillière, Jean-Louis Silvant.

The Strategy Committee met four times in 2008, primarily to examine the Group's automobile product plan and its strategy in China, as well as Gefco's expansion strategy and the main measures taken in response to the financial and economic crisis.

► The Compensation and Appointments Committee

The Compensation and Appointments Committee is responsible for preparing Supervisory Board decisions regarding compensation for members of the Managing Board, the Supervisory Board and the Board committees, as well as stock option grants to members of the Managing Board. It also stays informed of changes in compensation and stock option grants to other Group executives. In 2003, the Committee's terms of reference were broadened to include preparing Supervisory Board decisions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organising the selection process and recommending candidates for appointment or re-appointment.

The Committee comprises four members who are appointed in a personal capacity and may not be represented by another party: Thierry Peugeot (Committee Chairman), Jean-Philippe Peugeot, Ernest-Antoine Seillière, Jean-Louis Silvant.

The Compensation and Appointments Committee met six times in 2008, notably to discuss the salary and bonuses of Managing Board members as well as the granting of stock options to Managing Board members. In addition, the Committee was informed of the succession plans for key executives and examined the recommendations issued by the AFEP-MEDEF on 6 October 2008, which it advised the Supervisory Board to adopt.

► The Finance Committee

The Finance Committee issues an opinion to the Board on the financial statements of the Company and the Group. It may also be asked to review any corporate actions and other projects requiring prior approval by the Board. To this end, the Committee reviews in detail the interim and annual financial statements, the most significant financial transactions and management reporting indicators. It also monitors off-balance sheet commitments and information concerning the Group's risk exposure.

The Finance Committee, which enjoys free access to all the information it needs, can, like the Chairman of the Supervisory Board, meet with the persons responsible for internal control and with the Auditors, with or without line management attending.

The Committee comprises five members who are appointed in a personal capacity and may not be represented by another party: Jean-Paul Parayre (Committee Chairman), Marc Friedel, Jean-Louis Masurel, Robert Peugeot, Marie-Hélène Roncoroni.

The Committee met six times in 2008. At each meeting, it reviewed the management reporting indicators. The auditors and the Chief Financial Officer attended the meetings held to review the 2007 financial statements and the 2008 interim financial statements.

During the last quarter of the year, the Committee carefully monitored the cash position and financing of the manufacturing and sales companies and of Banque PSA Finance. It also devoted a specific meeting to examining the Group's internal audit plan and to tracking the action plans implemented following the fraud at Banque PSA Finance in 2007. To this end the Committee carefully reviewed the stronger internal control procedures set up at the Bank as described

in the Report of the Chairman of the Supervisory Board on the preparation and organisation of Supervisory Board meetings and on internal control.

At its meeting on 6 February 2009 – which was attended by the Auditors – the Finance Committee reviewed (i) the 2008 financial statements of the Company and the Group, prior to their presentation to the Supervisory Board on 10 February 2009, (ii) Faurecia's financial position, and (iii) the financing measures being negotiated with the French government and banks.

5.2 Remuneration and benefits of Board Members

5.2.1 Managing Board compensation

► Compensation policy

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee. The annual compensation paid to Managing Board members includes a base salary and an incentive bonus based on the achievement of a certain number of objectives.

The five members of the Managing Board have been assigned both shared objectives and personal objectives related to their respective executive responsibilities. Each objective includes qualitative and quantitative targets.

The Chairman of the Managing Board receives an incentive bonus that, barring exceptional circumstances, may not be less than 50% or more than 110% of his base salary. Incentive bonuses for the other members of the Managing Board may not exceed 100% of their base salary.

At the end of the year, the Supervisory Board determines the base salary that will be paid to Managing Board members the following year and, at the beginning of the year, it calculates the incentive bonus based on an evaluation of how well each member met his or her assigned objectives over the year. Also at the beginning of the year, the Supervisory Board sets objectives for each of the Managing Board members for the current year.

► 2008 compensation

The base salary paid to Managing Board members for 2008 was unchanged from the previous year. Of the total incentive bonus paid to the Chairman of the Managing Board, 45% was based on consolidated recurring operating income and margin and 55% on product quality levels (as measured primarily by the decline in warranty costs) and on progress in building the future by implementing the Group's strategic plans.

Of the total incentive bonus paid to members of the Managing Board, 25% was based on meeting the Group's consolidated recurring operating income target and 75% on meeting objectives directly related to their respective areas of responsibility.

Christian Streiff elected to forego his incentive bonus in respect to 2008. Bonuses paid to the other members of the Managing Board were reduced to 30% of their base salary for Grégoire Olivier and Roland Vardanega and to 20% of their base salary for Jean-Philippe Collin and Gilles Michel.

► Pension benefits under an insured plan

In addition to being covered by government-sponsored basic and supplementary pension plans, eligible Managing Board members are also entitled to pension benefits funded under an insured plan. Benefits are capped at 50% of the average of their gross compensation, including bonuses, for their best three years out of the last five in the job. The additional benefits comprise a fixed portion representing 30% of the compensation received from government-sponsored basic and

supplementary pension plans, plus an additional 2% of their gross compensation per year of service with the Group. To be entitled to this supplementary pension benefit, a member must have served as an officer of the Group for at least five years and be employed by the Group when he or she retires.

► Employment contract

Employment contracts of Managing Board members are suspended during their term as corporate officers and reinstated when they cease to be a member of the Managing Board. At that time, their annual compensation under the employment contract would be equal to their latest base salary, as decided by the Supervisory Board, plus the average of the last three years' incentive bonuses, and their entire term as member of the Managing Board will be taken into account for the purpose of calculating their seniority under the employment

contract. This arrangement is conditional on the person having earned an incentive bonus equal to at least 60% of his or her average base salary over his or her term as member of the Managing Board. The arrangement will not apply when the Chairman of the Managing Board comes up for re-appointment or replacement, in application of AFEP-MEDEF recommendations.

► Stock options

The Managing Board, in full agreement with the Supervisory Board and in compliance with shareholder-approved limits, decided that starting in 2002, the benchmark price for options to purchase existing shares granted in a given year to executives or employees of the Company or related companies would be equal to the average of the opening share price during the 20 trading days following the publication of the first-half consolidated earnings, without any discount.

On 20 August 2008, the Managing Board used the authorisation granted by the Annual Shareholders' Meeting of 23 May 2007 to issue 1,345,000 options to purchase existing shares of Peugeot S.A. stock for €33.08 per share. The options to purchase existing shares of Peugeot S.A. stock granted to Managing Board members in 2008 were allocated as follows: 140,000 to Christian Streiff and 60,000 to each of the other four Managing Board members.

In July 2007, in accordance with the law, the Supervisory Board determined the lock-up rules applicable to shares acquired by corporate officers on exercise of stock options granted under any future plans. Under these rules, every time a Managing Board member sells such shares, he or she will be required to retain, until the end of his or her term as member, a number of Peugeot S.A. shares equal to 15% of the theoretical gross value of the shares sold. The same lock-up rules were applied to the August 2008 plan.

Details of stock option plans in effect at 31 December 2008 are presented in note 28.3 to the consolidated financial statements in chapter 20 of the 2008 Registration Document. The aggregate number of options granted to the ten employees other than corporate officers receiving the largest number of stock options under the 2008 plan is presented in section 15.3, table 9, of the 2008 Registration Document.

In addition, details of the options to purchase existing shares of Peugeot S.A. stock granted to Managing Board members in 2008 are presented in section 15.3, tables 4 and 8, of the 2008 Registration Document. Table 5 shows that none of these options were exercised by corporate officers during the year. Over the last three years, the portion of such options reserved for the Managing Board has always represented less than one third of the total number granted, as part of a policy of limiting stock option grants.

The options granted to members of the Managing Board in 2008 were awarded in August, before the publication on October 6 of the AFEP-MEDEF recommendations concerning compensation for executive corporate officers. As a result, they are not subject to any performance criteria. Faurecia has its own stock option plans.

Option grants may be decided only once a year, at the Board meeting held in February to approve the annual financial statements, and options may not be granted at a discount to the average share price used to determine the exercise price. The list of grantees, the number of options granted to each individual and the option price – corresponding to the average of the opening share price during the 20 trading days preceding the grant date – are decided in April, at the Board meeting held to call the Annual Shareholders' Meeting. On 10 April 2008, Faurecia granted 297,500 options to purchase new shares of company stock for €33.78 per share.

▶ Other benefits

The only existing benefit in kind is a company car assigned to each member of the Managing Board. No 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 on the different types of compensation, commitments and benefits granted to Managing Board members in respect of 2008 are presented in section 15.3, tables 1, 2 and 10, of the 2008 Registration Document.

5.2.2 Compensation for Members of the Supervisory Board

Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount determined in advance by the Annual Shareholders' Meeting. Pursuant to the decision of the Annual Shareholders' Meeting of 28 May 2008, this amount has been set at €600,000 until further notice.

In 2008, of the total €600,000 in fees approved by shareholders, €20,000 was allocated to each member of the Supervisory Board and €15,000 to each advisor. Members of Board committees are paid an additional €10,000, or an additional €15,000 in the case of the Chairmen.

The Chairman of the Supervisory Board received €425,000 in compensation for 2008, the same amount as for 2007, and each of the Vice Chairmen of the Supervisory Board received €30,000.

No benefits in kind were awarded to Supervisory Board members, with the exception of a company car provided for the Chairman. Details on the different types of compensation, commitments and benefits granted to Supervisory Board members in respect of 2008 are presented in section 15.3 of the 2008 Registration Document. In addition, Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni receive compensation for working or holding corporate offices in the Peugeot family's companies. Details regarding this compensation are provided in the Foncière, Financière et de Participations (FFP) management report.

5.3 Internal and external control procedures

5.3.1 Objectives and limits of the internal control system

As part of its commitment to preventing and limiting the effects of internal and external risks, the Group has established internal control procedures and processes designed to provide reasonable assurance concerning the achievement of objectives in the following categories:

- Compliance with laws and regulations.
- Application of the Managing Board's instructions and strategic guidelines.
- Efficient internal processes, particularly those that help to safeguard the Company's assets.
- The reliability of financial reporting. These controls also contribute to the proficient management of the Company's businesses, the effectiveness of its operations and the efficient use of its resources.

Within Group companies, the focus is on accounting and financial controls, which constitute a core component of the internal control system. Covering the production and communication of all of the Group's accounting and financial information, these controls contribute to the reporting of reliable information in compliance with legal and regulatory requirements.

They are based on specific procedures defined and implemented by the Group Finance Department in order to meet the above objectives.

The internal control system aims to ensure that the above objectives will be met; however, no system can provide an absolute guarantee that this will be the case.

5.3.2 Internal control framework and scope of application

▶ Internal control framework used by PSA Peugeot Citroën

PSA Peugeot Citroën set the objective of adopting the internal control framework and guidelines recommended by the French securities regulator (AMF) for the scope of reporting defined below by the end of 2007. This objective applied both to processes contributing to the preparation of accounting and financial information for reporting purposes and to the overall organisation of the Group's operating units.

In 2008, the Group consolidated the internal control processes related to the new organisational structure put in place in 2007.

▶ Scope of application

Internal controls are implemented based on the Group's operational organisation as well as its legal structure.

The summary information provided in this internal control report focuses on procedures implemented to address risks likely to have a material impact on PSA Peugeot Citroën's published financial and accounting information.

▶ Banque PSA Finance

In line with CRBF regulation 97-02, dealing with internal control systems of credit institutions, Banque PSA Finance's internal control system is organised around two lines of responsibility – for recurring controls and periodic controls – and the first-tier controls performed by the operating units.

The fundamental principles underpinning the organisation and implementation of internal control are set out in an internal control charter that describes the system's organisation, resources, scope, missions and processes.

Recurring controls

First-tier controls, the lynchpin of the internal control system

First-tier controls are carried out in the operating units. They are either embedded in procedures and performed by all employees in the normal course of their work, or they are performed by dedicated employees within the operating units. They are supervised by the structures responsible for recurring controls.

Second-tier controls

Second-tier controls include compliance controls and controls over operational risks within the finance companies and corporate units, including those arising from services performed by the PSA Peugeot Citroën Group on the Bank's behalf.

The Automobile Division's operating units and support departments are equipped with a set of procedures whose purpose is to ensure that operations continue to function effectively and in compliance with identified best practices. These units and departments also have the means to evaluate the risks they face and the controls they implement to counteract those risks. The databases and analyses are regularly updated.

Three Group companies use their own internal control frameworks, which are either specific to their business and regulatory environment (Banque PSA Finance) or adapted to the decentralised nature of their organisation (Faurecia and Gefco). These three companies are therefore not included in the scope of the overall internal control framework.

The Compliance unit is responsible for preventing, controlling and overseeing compliance risks.

In 2008, the Compliance unit focused on:

- Continuing to train staff in compliance risks, particularly the prevention of money laundering and the financing of terrorism, and the protection of personal data.
- Deploying controls to help prevent money-laundering and the financing of terrorism and improving the related systems and processes.
- Monitoring regulatory changes more closely across the entire business.

Controls over operational risks include:

- Recurring assessments of the effectiveness of controls over operational risks within the Bank, including for outsourced services.
- Specific second-tier controls, performed across the entire organisation.

In 2008, the focus was on assessing recurring controls over the subsidiaries' and branches' operational risks, as identified during the Banque PSA Finance risk mapping process.

The department set up in the fourth quarter of 2007 to control operational risks associated with accounting, IT, refinancing and treasury processes gradually extended its activities during 2008.

A significant proportion of its time was devoted to overseeing the implementation of the recommendations issued following a specific audit carried out within the Financing and Treasury department, following the discovery of a fraud committed by an employee.

Alongside the risk mapping approach, a system to monitor first-tier recurring controls was implemented from the second half of 2008. It consists of a quarterly reporting system designed to inform the Bank's executive management of the extent to which operational risks are controlled within the various units.

Risk management function

The Risk Management unit of the Management Control Department is responsible for measuring and overseeing the Bank's financial risks on a consolidated basis and participating in their overall management.

The second and third pillars of Basel II are currently being incorporated into the Bank's risk management system.

Periodic controls

Periodic – or third-tier – controls consist of periodically checking transaction compliance, risk levels, compliance with procedures and the effectiveness of recurring controls.

They are performed by the internal auditors, based on an internal audit plan that provides for all of the Bank's units and processes (including those that are outsourced) to be audited at least once every three years.

Oversight by executive management and the Board

The internal control system is overseen by executive management and the Board, supported by various committees.

The Board of Directors ensures that the Bank's main risks are properly managed and obtains assurance about the system's reliability, through the Audit Committee. The Audit Committee reviews the lessons to be learnt from risk monitoring activities and from recurring and periodic controls. It met four times in 2008.

► Faurecia

Faurecia's Board of Directors is made up of eleven members, five of whom are independent within the meaning of the AFEP-MEDEF Corporate Governance Code. Five members directly represent the interests of Peugeot S.A., Faurecia's majority shareholder. Yann Delabrière has held the position of Chairman and Chief Executive Officer since 16 February 2007. Two committees of the Board were set up in 2003 – the Appointments and Compensation Committee and the Audit Committee. The role of the Appointments and Compensation Committee is to (i) prepare matters for the Board's discussion regarding corporate officers' compensation and stock option grants, and (ii) prepare procedures for selecting and recommending directors for election or re-election. The role of the Audit Committee is to review

Executive management is responsible for defining and implementing the system of internal control. It oversees the system's efficiency and effectiveness, and ensures that adequate resources are assigned to internal control. It is supported in this task by a Control Committee, which has front-line responsibility for the operational management of the internal control system.

Organisation of internal control

The internal control system is built around regular first-tier controls backed by an organisation structure in which each individual's authority and responsibilities are clearly defined, primarily through delegations of authority applicable to all operating units and corporate departments. These delegations of authority determine the levels at which decisions must be made in the areas of banking and financial transactions, loan approvals, lending terms, new products and services and expenditure commitments.

At the beginning of 2008, the system of dual signatures for banking and financial transactions was stepped up and extended to executive directors.

At Group level, committees have been set up to determine and implement Bank policies in the areas of internal control and decision-making processes during regular meetings. These committees are as follows:

- The Credit Risks Committee, which monitors changes in troubled loans and credit losses, and analyses the performance of the risk selection systems.
- The Lending Margins Committee.
- The Products and Processes Committee.
- The Group Credit Committee, which reviews wholesale and fleet financing applications.
- The Refinancing Committee, which reviews the results of the Bank's refinancing and interest rate risk management policies.
- The IT Security Committee.
- The Compliance Committee.

in detail the interim and annual financial statements, as well as any material financial transactions, and to analyse the Group's financial performance indicators.

Internal control is based on a set of procedures available for consultation by all employees via the Faurecia Intranet. The procedures mainly concern programme controls designed to track the execution of contracts for the design, production and supply of complex equipment to automakers, and financial and accounting controls intended to ensure that financial and accounting information is properly processed, thereby underpinning the company's responsiveness.

Faurecia has its own Internal Audit Department, responsible for overseeing the optimal effectiveness of internal financial control systems. In 2008, Faurecia continued to enhance its internal control

► Gefco

Internal control is an integral part of Gefco's corporate governance strategy. The Gefco group applies the definition of internal control set out in the reference framework issued by the AMF in January 2007.

To ensure that its internal control system is both complete and accurate, Gefco performs controls at each level of the organisation – agencies, subsidiaries and group headquarters – as well as within its various business units. These controls cover financial, accounting and operating functions.

Internal control of operating processes

The internal control process also involves each Gefco manager in the agencies and departments, who reviews the operations under his or her responsibility based on a structured analytical framework. This approach provides an opportunity to verify that objectives are understood and shared and that the best possible use is made of the resources put in place to meet them.

system through its risk mapping process and by developing the internal audit function to ensure proper implementation of best practices.

In 2008, Gefco's internal control system for operating processes covered 23 subsidiaries and nearly 380 agencies and departments. The reporting schedules drawn up following the control assessments were sent to each entity during the third quarter of the year. All Gefco managers also have access to an intranet portal providing regularly updated internal control information.

Action plans arising from internal control assessments are managed Group-wide via a software application that is also used to manage the quality system. Using the same application to track both functions is designed to enhance the quality of Gefco's customer service.

The outcome of the internal control procedures applied to operating processes and the action plans implemented by each unit are also assessed during the audits carried out across the group by the internal audit team.

Lastly, in 2008 Gefco launched a broad-based project to improve its administrative processes, which will directly contribute to strengthening the group's internal control system.

5.3.3 Internal control systems

► Organisation

Group operational structure

Internal control is the responsibility of senior management, represented by the Managing Board.

The Automobile Division is organised into operating units with the necessary skills and resources to carry out their responsibilities.

To ensure the effectiveness of internal control processes, while fostering the teams' accountability and commitment to internal control issues, responsibility for internal control over operations has been devolved to the operating units, where one or several employees have been tasked with managing, overseeing and updating the unit's internal control procedures.

This decentralised operating structure is coordinated and supported by cross-functional departments. The Vice President, Legal Affairs, Institutional Relations and Internal Audit, who is responsible for internal control, is a member of the Group's Executive Committee and reports directly to the Chairman of the Managing Board.

The Head of Internal Audit reports to the Vice President, Legal Affairs, Institutional Relations and Internal Audit.

He has direct authority over the corporate-level internal auditors and a dotted-line reporting relationship with all internal auditors working in the Group's other departments, including at Banque PSA Finance and Gefco. He communicates directly with the Chairman of the Managing Board, which gives him total independence from all Group units and departments. He reports to the Chairman twice a year on all his responsibilities and reports to the Finance Committee of the Supervisory Board when requested.

The annual internal audit plan is prepared based on identified and evaluated risks. It is prepared independently by the internal auditors and submitted to senior management for review. In 2008, the Internal Audit Department carried out 73 audits, the overall results of which were reported to senior management and to the external auditors for the purpose of their accounting and financial reports.

Capital expenditure management, which is key to meeting the Group's objectives, is the responsibility of the Programmes Operating Unit and Corporate Finance. Financial and management analyses are carried out to ensure that investment decisions are aligned with the Group's performance and profitability objectives. These analyses are presented to the Executive Committee members for validation.

Lastly, the overall structure of delegations of authority down the chain of command reflects the Group's internal organisation. Account is taken of each manager's job as well as of his or her position in the chain of command, in order to grant powers to individuals who have the necessary authority, resources and competence in the area concerned.

Each delegation of authority describes the individual's role and responsibilities, the rules and regulations to be complied with and the practices to be followed.

Preparation and processing of financial and accounting information

Financial and accounting information is controlled at Group level by Corporate Finance, which has appointed a coordinator to lead and monitor its work.

The financial and accounting internal control systems in place at Group level and in the subsidiaries are described in detail in section 16.5.1.2 of the 2008 Registration Document.

► Internal communication on standards and procedures

Divisional operating procedures

Each sales and manufacturing department has set up databases that describe the operating procedures that employees must follow in order to carry out their tasks correctly within their area of competence.

These databases are all accessible via the PSA Peugeot Citroën intranet.

As part of the ISO Quality Management Systems certification process, for example, the Automobile Division's Manufacturing and Components Department has introduced operating procedures and practices with the general aim of providing employees with the right information they need to properly carry out their duties.

All of these documents have been catalogued on the Cascade intranet site, which is accessible to all employees.

Lastly, a Code of Ethics describing the standards of employee conduct and behaviour has been available for consultation on the Group Intranet by all employees since March 2003 (please refer to section 5.4, Ethical Practices, below).

► System for identifying and analysing main risks and verifying the existence of risk management procedures

Internal control systems are evaluated each year based on self-assessments performed in the main units, in France and abroad, within the different departments of the Automobile Division and the non-Automobile subsidiaries (except Faurecia and its subsidiaries which have their own system). These units include corporate departments, plants, import subsidiaries, captive dealerships, local finance departments, facility accounting departments, etc.

This approach enables each entity to assess how well it manages the various risks and to identify appropriate solutions.

A project was undertaken in 2006 to consolidate risks identified by the different departments and map the Group's main risk exposures. This concise, thorough risk map led to the identification of some 20 risks, which have been mapped in greater detail by each department. The Group has therefore been able to satisfactorily cover its main risks by establishing their relationship to front-line operating structures and procedures.

To manage the major risks likely to compromise the physical safety of employees, harm the environment, disrupt operations or affect the Group's tangible or intangible assets, the Risk Management and Insurance Department, which reports to the Legal Affairs, Institutional Relations and Internal Audit Department, is in charge of defining, deploying and supervising the Group's risk prevention and management policy. It is supported by a network of risk prevention and management supervisors responsible for implementing the policy at department or site level. The Risk Management and Insurance Department also has teams of experts in environmental matters, fire and natural disaster risks, physical safety and insurance, who are responsible for:

- Monitoring changes in technology and regulations.
- Assisting and advising the corporate risk prevention and line managers.
- Verifying that projects take risks into account and comply with regulations.
- Defining and recommending risk prevention and protection measures.

Note 37 to the consolidated financial statements, in section 20.3 of the 2008 Registration Document, provides information on (i) market risks, which are primarily managed by Corporate Finance; (ii) identified

► Control procedures

Divisional operating procedures

Each operating unit has set up internal controls to cover the main risks identified in its risk map.

To cover the project management risks related to new vehicle development and process engineering, the Programmes Operating Unit leverages a comprehensive design and development process, known as the operational development plan, which is regularly updated. The plan defines a set of objectives for each new vehicle's features, performance, profitability, quality and time-to-market. Progress in meeting these objectives is tracked by a system of project milestones, corresponding to the various stages at which senior management reviews all the financial and technical indicators. The quality department authorises the sale of each vehicle that leaves the production line and organises any necessary recalls of faulty vehicles delivered to the dealers or to customers. In addition, the Quality Department is empowered to authorise the sale of each vehicle that leaves the production line and organises any necessary inspections and retrofitting of faulty vehicles recalled from dealers or customers.

In Manufacturing and Components, internal control is based on three systems – the PSA production system, the Risk Prevention and Management System and Management Control, Manufacturing Economics – which together cover all the major risks identified within Manufacturing and Components.

Internal control processes are integrated into Manufacturing and Components operational management and tracked all year long. Furthermore, each of the three internal control systems is regularly audited to verify proper implementation of control procedures, assess their effectiveness and issue recommendations where necessary.

The assembly plants have been ISO 19001:2000-certified by UTAC, for example, to comply with the requirements of European Directive 2001/116, Appendix X.

Substantially all of the manufacturing plants' environmental management systems are ISO 14001-certified. All employees are trained in safety procedures and a constant focus is maintained on improving plant safety. Ergonomic considerations are taken into account in the design of products and the related plant and equipment in order to improve working conditions in the production shops.

In sales and marketing, internal control for the two brands, Peugeot and Citroën, is based on descriptions of control procedures designed to cover operating process risks within the corporate departments, the import subsidiaries and dealerships. Senior management provides the leadership and impetus for operational management in each

currency, interest rate, equity, commodity, counterparty and liquidity risks and the Group policies designed to manage them; and (iii) the hedges set up at 31 December 2008, 2007 and 2006.

department, subsidiary and dealership, backed by a system of controls and a continuous improvement process. Each entity has a Service Quality Plan detailing action plans in progress and aiming to improve internal control and internal organisation in general.

These plans are managed and controlled by the corporate sales and marketing teams.

To enhance the performance of the dealer networks, each proprietary dealership has been allocated to specific entities whose managers report to the Executive Vice Presidents responsible for the Peugeot and Citroën brands.

The Purchasing Department leverages extensive expertise in production costing and commodity price management, as well as in-depth understanding of global markets, which enable it to manage the competitive bidding process and supplier relationships as part of its purchasing strategy. Close attention is paid to supplier risk, particularly the risk of supply chain disruption or of supplier bankruptcy.

In July 2007, for example, the department created a single team dedicated to industrial and supplier risk, with responsibility for monitoring coverage of risks that may arise due to subcontractor failure by analysing and rating supplier financial statements and purchaser data.

Contractual commitments to suppliers are strictly adhered to. Orders, inward deliveries and invoices are systematically recorded. Supplier payments are made only when the invoices have been checked for compliance with the order and the applicable regulations, and when they correspond to the goods actually received.

Programmed and manual controls are performed to ensure that customer invoices comply with local customs, tax and other regulations in both the shipping country and the delivery country, as well as with the terms of the order or contract covering the price, incoterms, transfer of title and other matters. Periodic and continuous physical inventories are performed to ensure that all delivered goods have been duly invoiced.

Automobile Division vehicle and replacement part sales in the countries where Banque PSA Finance has operations are carried out on a cash basis, with any financing requested by customers being provided by Banque PSA Finance. For sales in other countries, a standard has been issued stipulating payment and credit terms to be applied by the Automobile Division to customers according to the product (new vehicles, used vehicles, replacement parts, spare parts or components). A secure payments policy has been prepared to avoid credit risks, supported by a monthly reporting system that ensures compliance.

Financing decisions and banking relationships are managed at corporate level. Back-up trading rooms have been installed to avoid the risk of any interruption of trading following a major incident.

At senior management level, information systems security is overseen by the Information Systems Security Committee. The Group's Information Systems Security Policy – which was validated in 2004 by the Information Systems Department and the Legal Affairs, Institutional Relations and Internal Audit Department – is updated regularly to reflect any technological or regulatory changes. The policy concerns the automobile and finance company divisions and complies with the best practices recommended in ISO 27001. The applicable standards are rolled out to the various departments via a cross-business network.

► Internal management and oversight

The Managing Board is responsible for constantly overseeing and reviewing the internal control system, where necessary with the support of the Internal Audit Department, which reports to the Board on the results of its controls. The Finance Committee of the Supervisory Board is kept informed of the main results of regular and one-off internal audits.

Each operating unit is responsible for managing risks within its scope of responsibility. However, the Risk Management and Insurance Department manages and oversees all procedures designed to protect the Group from major risks that may pose a threat to employee safety, the environment, operational activities or tangible or intangible assets. The risks of product and service non-quality are managed by the Quality Department. These departments have teams of auditors that carry out dedicated quality controls designed to assess risk coverage.

Other risks are monitored by each Group department or unit independently. In each operating unit, for example, a dedicated

manager has been appointed to lead and continuously improve the unit's internal control system.

Based on risk analyses and internal and external audits performed regularly within the Group, the Information Systems Department implements security action plans in liaison with the relevant departments from the Group's business lines. These plans – which help ensure compliance with banking and finance regulations – are structured around three objectives: (i) enhancing the administration of access rights e.g. through segregating tasks, periodically reviewing access rights and reducing the number of users with such rights; (ii) ensuring that security is maintained despite the requirement to open up the Group's systems to external parties under the "PSA Extended Enterprise" strategy; and (iii) guaranteeing that the automobile and finance company divisions would be able to continue their essential operations if a major incident occurred at one of the Group's IT centres.

At the end of 2008, a Corporate Internal Control unit was set up as part of Legal Affairs, Institutional Relations and Internal Audit in order to manage and coordinate internal control processes across the Group and verify the consistency of measures undertaken by each operating unit. For its assessment of the Group's position as a whole, this unit will mainly draw on information provided by the Risk Management and Insurance Department concerning risks that could affect the Group's assets or disrupt operations.

Internal audit initiatives guarantee the effectiveness and appropriateness of internal control processes and procedures. In light of this, the 2009 internal audit plan includes a certain number of specific audits of areas identified as giving rise to significant risks, whatever the quality of the related internal controls as determined by the assessment process.

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5.3.4 External auditors

In accordance with French company law, the financial statements of Peugeot S.A. and the consolidated financial statements are audited by two firms of auditors. The two firms jointly audit all of the accounts and examine the processes used to prepare the financial statements, as well as the Group's internal control processes and procedures.

Following a proposal process managed by the Finance Committee of the Supervisory Board in 2004, the two statutory auditors, PricewaterhouseCoopers Audit and Mazars & Guérard, were appointed by shareholders at the Annual Meeting on 25 May 2005. Their appointment expires at the Annual Shareholders' Meeting to be called in 2011 to approve the 2010 financial statements.

In addition, in line with the policy replacing the signing partner at mid-term, the PricewaterhouseCoopers Audit signing partner changed in 2007 and the Mazars & Guérard signing partner changed in 2008.

Through the members of their networks in all our host countries, PricewaterhouseCoopers Audit and Mazars & Guérard act as contractual auditors of all of the fully consolidated subsidiaries, with the exception of the companies in the Faurecia sub-group.

They therefore have access to the information required to audit the consolidated financial statements of the PSA Peugeot Citroën Group. Effective from 2003, they perform continuous audits of the main Automobile Division companies and finance companies in France, therefore improving the overall quality of their audit.

PricewaterhouseCoopers Audit, as Group statutory auditor, also reviews the processes for the preparation of environmental and social information published in this Report and on the Group's sustainable development website.

In the case of Faurecia, the two firms of auditors, PricewaterhouseCoopers Audit and Ernst & Young Audit, were appointed by shareholders at the Annual Meeting on 29 May 2007, for a period expiring at the Annual Meeting to be called to approve the 2012 accounts.

The auditors of cooperative ventures set up with other automakers, which are accounted for by the equity method, are appointed by the cooperative venture partners.

The total fees paid to the auditors in respect of 2008 amounted to €8.1 million for PricewaterhouseCoopers, €2.2 million for Mazars & Guérard and €3.0 million for Ernst & Young. None of these firms performed any non-audit work during the year.

New stricter rules have been established concerning non-audit work performed by the auditors, as required under the Financial Security Act.

5.4 Ethical practices

5.4.1 Code of Ethics

The development of PSA Peugeot Citroën is based on a certain number of strong values and principles of conduct and behaviour that are shared by all of its executive and employees. In 2003, these values were formally expressed in a Code of Ethics, which provides a set of fundamental reference points that each employee may refer to and follow in all circumstances.

In a constant commitment to maintaining good relations with community stakeholders, and in line with its pledge to support the Global Compact, the Group ensures that its actions always reflect the principles defined in its Code of Ethics, particularly with respect to not financing political parties, avoiding conflicts of interest and preventing acts of corruption.

Demonstrating the commitment to fighting against corruption is based on the following key factors:

- The involvement of every employee.
- An analysis of risks and the definition of processes to control them.

- The traceability of every transaction.
- The separation of powers and multiple signatures depending on the amount of the transaction.
- Careful selection of partners.

A variety of audits and other internal control procedures are performed every year to detect any cases of corruption, with disciplinary action taken in line with the severity of the case. In addition, employees may report suspected cases of corruption or potential corruption to the Group's Ethics Delegate.



The PSA Peugeot Citroën Code of Ethics may be downloaded from the sustainable development website.

5.4.2 Conflicts of interest, corruption and anti-competitive behaviour

▶ Preventing corruption and avoiding conflicts of interest

Under the terms of the Global Framework Agreement on Social Responsibility, PSA Peugeot Citroën is committed to fighting against all forms of corruption and avoiding conflicts of interest. Every employee has been informed of this commitment and made aware of its importance.

Suppliers are also expected to demonstrate their commitment to preventing corruption and avoiding conflicts of interest, as stipulated in PSA Peugeot Citroën's Requirements Regarding Social and Environmental Responsibility with Respect to its Suppliers.

Purchasing directives have also been defined to discourage corrupt practices, while 955 employees have been trained in corruption and conflict-of-interest issues.

In addition to legally mandated control processes in force at Banque PSA Finance, every audit of a Group plant, site or subsidiary includes procedures designed to analyse the risk of corruption, in order to prevent any occurrence.

▶ Cases of conflict of interest

(Consolidated Group, excluding Faurecia)

There were no cases of conflict of interest reported in 2008.

▶ Cases of corruption

(Consolidated Group, excluding Faurecia)

There were no convictions for corruption in 2008.

▶ Cases of anti-competitive behaviour

(Consolidated Group, excluding Faurecia)

In every aspect of its business, PSA Peugeot Citroën fully complies with applicable national or European Union law and regulations. To improve employee understanding of competition rules, the legal department has designed an intranet-based e-learning programme to raise their awareness of anti-competitive practices and behaviour. Deployed in 2008, the programme is now offered in the catalogue of courses for PSA Peugeot Citroën executives.

There were no new convictions for anti-competitive behaviour in 2008, although the following dispute remained outstanding during the year.

A provision of €49.5 million was set aside in 2005 to cover the fine levied by the European Commission following verifications performed in 1999 and 2003 by EC inspectors at Automobiles Peugeot, Peugeot Deutschland GmbH and Peugeot Nederland NV. On 5 October 2005, the Commission found that in the Netherlands, Automobiles Peugeot and its Dutch subsidiary had engaged in practices aimed at or having the effect of restricting cross-border automobile sales and fined the two companies €49.5 million. This fine was paid by the Group.

Notwithstanding this payment, Automobiles Peugeot and Peugeot Nederland NV have appealed the decision to the Court of First Instance of the European Communities, considering that there is no legal or factual basis for finding a violation of article 81, paragraph 1, of the Treaty Establishing the European Community. The appeal was heard by the Court of First Instance on 11 March 2009.

To comply with the new regulations, the two marques have each abandoned their previous policy of selective distribution through dealers offering both sales and after-sales service, chosen according to quantitative criteria. Relations with the dealership network are now based on three separate contracts: (i) a new vehicle sales contract signed with a fixed number of dealers in each country, selected on the basis of qualitative and quantitative criteria; (ii) an accredited vehicle repair shop contract; and (iii) a replacement part sales contract, both awarded based on qualitative criteria.

GRI INDEX

► Correspondance between Global Compact and GRI indicators

Areas	Principle	GRI G3 indicators
1. Human Rights	1. Businesses are asked to support and respect the protection of international human rights within their sphere of influence	HR1, HR2, HR3, HR5, HR6, HR7, HR8, HR9
	2. Make sure their own corporations are not complicit in human rights abuses	1.1, EC1, HR1, HR2, HR8
2. Labour	3. Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining	HR5, LA4, LA5
	4. The elimination of all forms of forced and compulsory labour	HR7
	5. The effective abolition of child labour	HR6
	6. The elimination of discrimination in respect of employment and occupation	HR4, LA2, LA10, LA13, LA14
3. Environment	7. Businesses are asked to support a precautionary approach to environmental challenges	2.1
	8. Undertake initiatives to promote greater environmental responsibility	EN2, EN5, EN6, EN7, EN10, EN13, EN14, EN18, EN21, EN22, EN26, EN27, EN30
	9. Encourage the development and diffusion of environmentally friendly technologies	EN2, EN5, EN6, EN7, EN10, EN18, EN26, EN27
4. Anti-Corruption	10. Business should work against corruption in all its forms, including extortion and bribery	SO2, SO3, SO4

Profile	Sustainable Development and Annual Report (relevant pages)	Performance Indicators (relevant pages)	Reporting status
1. Strategy and Analysis			
1.1 Executive management statement	2-3, 6-7	6	<input checked="" type="checkbox"/>
1.2 Description of key impacts, risks, and opportunities	24-27		<input checked="" type="checkbox"/>
2. Organisation Profile			
2.1 Name of the organization	1	1	<input checked="" type="checkbox"/>
2.2 Primary brands, products, services	1		<input checked="" type="checkbox"/>
2.3 Operational structure	28-35		<input checked="" type="checkbox"/>
2.4 Location of headquarters	IV	IV	<input checked="" type="checkbox"/>
2.5 Country operations	55		<input checked="" type="checkbox"/>
2.6 Nature of ownership and legal form	IV	IV	<input checked="" type="checkbox"/>
2.7 Markets served	36-40		<input checked="" type="checkbox"/>
2.8 Scale of the reporting organization	12-13		<input checked="" type="checkbox"/>
2.9 Significant changes during the reporting period		14	<input checked="" type="checkbox"/>
2.10 Awards received	14-17	15-16	<input checked="" type="checkbox"/>
3. Report Parameters			
REPORT PROFILE			
3.1 Reporting period		15	<input checked="" type="checkbox"/>
3.2 Date of most recent report		15	<input checked="" type="checkbox"/>
3.3 Reporting cycle		15	<input checked="" type="checkbox"/>
3.4 Contact point for questions about the report or its contents	92	1	<input checked="" type="checkbox"/>
REPORT SCOPE AND BOUNDARY			
3.5 Process for defining report content		14	<input checked="" type="checkbox"/>
3.6 Boundary of the report		14, 56-57, 80-81	<input checked="" type="checkbox"/>
3.7 Limitations on report scope		14, 56-57, 80-81	<input checked="" type="checkbox"/>
3.8 Basis for reporting on subsidiaries and partially/non-owned entities		14	<input checked="" type="checkbox"/>
3.9 Data measurement techniques		56-57, 80-81	<input checked="" type="checkbox"/>
3.10 Re-statements from previous reports		56	<input checked="" type="checkbox"/>
3.11 Significant changes from previous reporting periods		14, 56-57, 80-81	<input checked="" type="checkbox"/>
GRI CONTENT INDEX			
3.12 GRI content index		149-152	<input checked="" type="checkbox"/>
ASSURANCE			
3.13 External assurance for the report	88	15, 153-154	<input checked="" type="checkbox"/>
4. Governance, Commitments & Engagement			
GOVERNANCE			
4.1 Governance structure	4-5, 8-9	131-137	<input checked="" type="checkbox"/>
4.2 Executive officer and the Chair of the governance body		131-137	<input checked="" type="checkbox"/>
4.3 Independent and/or non-executive board members	nc	nc	<input type="checkbox"/>
4.4 Shareholders/Employee mechanisms for Board Direction	10-11		<input checked="" type="checkbox"/>
4.5 Compensation and organizational performance		137-139	<input checked="" type="checkbox"/>
4.6 Conflict of interest avoidance		122, 147-148	<input checked="" type="checkbox"/>
4.7 Qualifications/expertise of board members		132-137	<input checked="" type="checkbox"/>
4.8 Mission and values statements	26	12, 147	<input checked="" type="checkbox"/>
4.9 Board oversight of sustainability performance	4-5, 26-27	12	<input checked="" type="checkbox"/>
4.10 Performance evaluation of board of directors	4-5	132-139	<input checked="" type="checkbox"/>
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11 Precautionary approach/principle	44-57	7-11	<input checked="" type="checkbox"/>
4.12 Endorsement of external sustainability charters/initiatives	26	12	<input checked="" type="checkbox"/>
4.13 Significant memberships in associations	26	12	<input checked="" type="checkbox"/>
STAKEHOLDER ENGAGEMENT			
4.14 Listing of stakeholder groups	46-47	13	<input checked="" type="checkbox"/>
4.15 Basis for stakeholders identification/selection	46-47	13	<input checked="" type="checkbox"/>
4.16 Stakeholder engagement approaches	46-47	13	<input checked="" type="checkbox"/>
4.17 Key stakeholder issues and concerns	73	10-13	<input checked="" type="checkbox"/>



Indicator	Sustainable Development and Annual Report (relevant pages)	Performance Indicators (relevant pages)	Reporting status
ECONOMY			
EC1 Economic value generated and distributed	78-83	18-20	
EC2 Financial implications, risks and opportunities due to climate change			
EC3 Defined benefit plan obligations		102	
EC4 Financial assistance received from government			
EC5 Wages comparison		98-100	
EC6 Spending on locally based suppliers		26-28	
EC7 Local hiring		82	
EC8 Infrastructure investments and public benefit	74-75	126-130	
EC9 Indirect economic impacts			
ENVIRONMENT			
EN1 Weight or volume of materials used		70	
EN2 Percentage of materials used that are recycled		70	
EN3 Direct energy consumption by primary source	88-89	59, 61	
EN4 Indirect energy consumption by primary source		60	
EN5 Energy saved due to conservation and efficiency improvements		30-37, 61	
EN6 Initiatives to provide energy-efficient products/services, and energy saved	48-49	30-37, 42-44	
EN7 Initiatives to reduce indirect energy consumption		42-44, 61	
EN8 Total water withdrawal by source	88-89	69	
EN9 Water sources significantly affected by withdrawal of water		69	
EN10 Percentage and total volume of water recycled and reused		69	
EN11 Location/size of land owned/lease/ managed in, or adjacent to, protected areas		77	
EN12 Description of significant impacts of activities on protected areas		77	
EN13 Area of habitats protected or restored		77	
EN14 Programs for managing impacts on biodiversity		77	
EN15 IUCN Red List species and national conservation list species affected by operations		77	
EN16 Total direct and indirect greenhouse gas emissions	88-89	62-64	
EN17 Other relevant indirect greenhouse gas emissions	88-89	30-34, 64-65	
EN18 Initiatives to reduce greenhouse gas emissions	54-57	63-64	
EN19 Emissions of ozone-depleting substances		67	
EN20 NOx, SOx, and other significant air emissions	88	38-41, 66	
EN21 Total water discharge by quality and destination	88	75	
EN22 Total weight of waste by type and disposal method	88-89	70-74	
EN23 Total number and volume of significant spills		76	
EN24 Weight of hazardous waste transported, imported, exported, or treated		74	
EN25 Water sources/habitats significantly affected by water and runoff		69-75	
EN26 Initiatives to manage environmental impacts of products and services across product lifecycle	48-56	42-44	
EN27 Reclaimed products		71	
EN28 Incidents/fines for non compliance with environmental regulations		77	
EN29 Significant environmental impacts of transportation for logistics		64	
EN30 Total environmental protection expenditures			
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LA2 Employee turnover by age/ gender/region	91	86-90	
LA3 Benefits provided to full-time employees		100-102	
LA4 Employees covered by collective bargaining agreements		95-97, 123	
LA5 Notice period regarding operational changes		97	
LA6 Management-worker health and safety committees		109	
LA7 Rates of injury, occupational diseases, lost days, absenteeism and fatalities	60-61, 91	103-105	
LA8 Education for families affected by serious diseases	60-61	106-108	
LA9 Health and safety topics covered in formal agreements		110	
LA10 Average hours of training	91	94-95	



Indicator	Sustainable Development and Annual Report (relevant pages)	Performance Indicators (relevant pages)	Reporting status
LA11 Programs for skills management and lifelong learning	65-67	91-95	
LA12 Performance and career evaluations		92	
LA13 Employee and governance body demographics		114-121	
LA14 Ratio of basic salary of men to women by employee category		99-100	
HUMAN RIGHTS			
HR1 Investment agreements with human rights clauses		122-123	
HR2 Human rights screening of major suppliers/contractors		26-27	
HR3 Employee training on human rights policies and procedures	66-67	124-125	
HR4 Total number of incidents of discrimination and actions taken		121	
HR5 Freedom of association	66-67	95-97, 124-125	
HR6 Child labor risk and elimination	66-67	122-125	
HR7 Forced and compulsory labor risk and elimination	66-67	122-125	
HR8 Security practices (security personnel training)		124	
HR9 Indigenous people rights		122	
PRODUCT RESPONSIBILITY			
PR1 Health and safety across the life cycle of products and services	46-53	45-48	
PR2 Non-compliance with health and safety regulations		51	
PR3 Product and service information and labeling	72-73	52-53	
PR4 Non-compliance with product and service information and labeling regulations		52	
PR5 Procedures relating to customer satisfaction	72-73	49-51	
PR6 Marketing communications adherence to regulations	72-73	52-53	
PR7 Non-compliance with marketing communications regulations		52	
PR8 Complaints regarding breaches of customer privacy		52	
PR9 Significant fines for non-compliance with laws and regulations regarding provision and use of products and services		51-52	
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SO1 Impacts of operations on communities		106-125, 126-130	
SO2 Business units analyzed for risks related to corruption		146-147	
SO3 Extent of training and risk analysis to prevent corruption		146-147	
SO4 Actions taken in response to instances of corruption		146-147	
SO5 Participation in public policy development and lobbying		53	
SO6 Political contributions		146	
SO7 Anti-competitive behaviour, anti-trust, and monopoly practices		147	
SO8 Significant fines/sanctions for non-compliance with laws/regulations		51-52, 147	

Standard indicators are in black; Additional indicators are in grey.

Fully reported; Partially reported; Not reported; N/R: not relevant

All of the Global Reporting Initiative Guidelines may be downloaded from the official website.

An annotated GRI index is available on the Group's sustainable development website.

Note that this supplement does not necessarily contain all of PSA Peugeot Citroën's response to a given indicator, even though its reporting status shows that it is partially or fully reported. This is because the reporting status reflects information disclosed in other media, such as the PSA Peugeot Citroën sustainable development website (www.sustainability.psa-peugeot-citroen.com) and the Group's Registration Document.

REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS

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REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS

on the processes for compiling site environmental data
and group social data published in PSA Peugeot Citroën's Sustainable Development and Annual Report

This is a free translation into English of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Management of PSA Peugeot Citroën,

At the request of PSA Peugeot Citroën and in our capacity as the Group's Statutory Auditors, we have performed a review for the purpose of enabling us to express moderate assurance on the Group's processes for compiling:

- Environmental data from its plants, offices and other sites.
- Social data from the entire Group, except Faurecia.

The 2008 environmental and social data are shown in the tables and charts published in the "Environment" and "Social and Society" chapters of the 2008 Performance Indicators supplement to the Sustainable Development and Annual Report, with the exception of the section entitled "Social Responsibility".

PSA Peugeot Citroën management was responsible for the above-mentioned data and for the processes enabling their compilation, in accordance with the Group's 2008 reporting standards. Information concerning these standards may be requested from the Sustainable Development Department at the following address: contact.sustainability@mpsa.com.

Our responsibility is to form a conclusion on the processes for compiling this information, based on our review.

Nature and scope of our procedures

We performed the procedures described below to obtain moderate assurance as to whether the processes for compiling environmental and social data are free of material misstatement. This type of review does not include all the procedures required to obtain a higher level of assurance. Moreover, our review is not intended to form a conclusion concerning the accuracy of the published information and figures.

The procedures performed were as follows:

- We assessed the procedures used by the different Group units to report environmental and social data to the head office, with regard to their relevance, reliability, objectivity and understandability.
- We conducted interviews with the persons involved in the reporting process both at the head office and in the various Group units, to verify that the procedures have been duly and properly understood and implemented. As part of this verification, we met with the following departments, units and people:

For environmental data:

Group/PCA	<ul style="list-style-type: none"> • The Environmental Unit, part of the Public Affairs and Environment Department in the Legal Affairs Department, which is in charge of compiling and consolidating PCA data and for centralising Group information. • The Environmental Units responsible for preparing environmental reporting data for PCA's production plants in Charleville, France and Vigo, Spain.
Faurecia	<ul style="list-style-type: none"> • The former Health, Safety and Environment (HSE) manager in charge of compiling and consolidating environmental data at Faurecia. • The HSE coordinators for each of Faurecia's Product Groups (Interior Systems, Exhaust Systems, Seat Structures & Mechanisms and Modules & Systems). • HSE managers in charge of validating environmental data from: <ul style="list-style-type: none"> – The Interior Systems, Exhaust Systems and Seat Structures & Mechanisms Product Groups. – The Eastern Europe and South African divisions of the Interior Systems Product Group. • The HSE managers in charge of compiling environmental reporting data from Bakov (Czech Republic), Peine (Germany – two plants) and Magny Verneuil (France – one plant and a research centre).
Gefco	<ul style="list-style-type: none"> • The Sustainable Development Officer within the Quality Department in charge of compiling and consolidating Gefco data. • Departments in charge of compiling annual environmental reporting data from the subsidiaries in Slovakia and Benelux.
Brands	<ul style="list-style-type: none"> • The Environment Manager in the Pieces and Services Department responsible for compiling and consolidating environmental reporting data from the Peugeot and Citroën brands. • Departments in charge of compiling annual environmental reporting data for the Peugeot Botzaris unit in Paris and the Citroën dealer in Le Chesnay.



For social data:

	<ul style="list-style-type: none"> The Social and Institutional Relations Department and the Central Human Resources Indicators Unit, part of the Human Resources Department, which are in charge of compiling and consolidating quantifiable human resources data; establishing certain social data on employees, training and workweek organisation; and consolidating quantifiable social data. The unit devoted to Improving Working Conditions within the Human Resources Department, which is responsible for establishing certain social indicators on safety and prevention to enable centralised collection. The Human Resources Department in charge of compiling quantifiable social reporting data from PCA's Charleville plant. The Human Resources Departments of the Iberian Region and PCA's Vigo plant in charge of compiling quantifiable social reporting data from Vigo.
Group/PCA	<ul style="list-style-type: none"> The Gefco Human Resources Management Control Department, part of the Human Resources, Communication and Organisation Department, in charge of reviewing monthly employee data compiled by Gefco subsidiaries. The Human Resources Managers in charge of compiling monthly and annual social reporting data from the subsidiaries in Slovakia and Benelux.
Gefco	

- For environmental data, we also prepared a questionnaire designed to enable us to assess, on a test basis, whether the data reporting procedures were properly applied or that the internal controls were effectively performed. This questionnaire was sent to:
 - Nineteen Faurecia facilities in ten countries.
 - Four Gefco subsidiaries in four countries.
 - Seven Peugeot and Citroën subsidiaries in four countries.
- We prepared similar questionnaires for social data and sent them to six Peugeot and Citroën subsidiaries.
- Lastly, we performed consistency checks, on a test basis, to verify that the following data had been correctly centralised and consolidated:
 - Environmental data compiled by the PCA, Faurecia, Gefco, Peugeot and Citroën plants, offices and other sites.
 - Social data compiled by the entire Group, except Faurecia.

In performing our review, we were assisted by experts from our Sustainable Development Department.

Conclusion

During our review, we identified the following matters with respect to the reporting of the Group's social data:

- Disparities in the application of reporting standards by the visited Gefco units and certain Peugeot and Citroën units responding to the questionnaire concerning subcontractor employee indicators, primarily due to difficulties in (i) identifying employees working for less than one month and (ii) calculating the full-time equivalent workforce.
- Omissions and differing interpretations by some of the visited PCA and Gefco units concerning the expenditures to be reported for the "Training Expenditures" and "Safety and Prevention Expenditures" indicators.

Concerning environmental data, our review revealed the following matters:

- Disparities in the application of reporting standards at visited Gefco, Peugeot and Citroën sites concerning the breakdown of waste by type of treatment.
- Limited or non-existent internal controls of environmental reporting data at certain high-volume Peugeot and Citroën subsidiaries.

Based on our review and subject to the exceptions mentioned above, no material irregularities came to light causing us to believe that the processes used to compile the site environmental data and Group social data identified in the first paragraph do not comply with the Group's 2008 reporting standards and procedures.

Neuilly-sur-Seine, 29 April 2009

Pierre Riou
Partner
Statutory Auditor

Sylvain Lambert
Partner
Sustainable Development Department

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COVER PHOTOS



COVER PHOTO EXPLANATION

Interior of the
Citroën Hypnos
concept car



Milling a component of the
Citroën Grand C4 Picasso
mock-up



Peugeot Boxer
taillight



Peugeot 207
front wing



PSA PEUGEOT CITROËN

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