

07

2007 Sustainable Development Indicators



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132. REVIEW REPORT

This report concerns the economic, social and environmental performance of fully consolidated PSA Peugeot Citroën companies. For the second straight year, it follows the third generation (G3) Sustainability Reporting Guidelines issued by the Global Reporting Initiative in October 2006. It comprises two parts, the Sustainable Development and Annual Report and a supplement, the Sustainable Development Indicators. Additional information about PSA Peugeot Citroën's corporate responsibilities, the impact of its operations and the programs undertaken to address these issues may be found on the Group's sustainable development website.

According to the criteria recommended in the "G3 Guidelines, Application Levels", the Group's own assessment of this report based on the GRI G3 guidelines results in a self-declared B+ application level.

Note 1: Methodology

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

☞ Registration Document available at: <http://www.psa-peugeot-citroen.com/en/fonctionnelle/finances.php?annee=2007&page=A>

☞ 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 described in the Sustainable Development and Annual Report, pages 10-11.

▪ Joint-venture automobile production plants

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, while in 2006, the Group agreed to present its Global Social Responsibility Agreement to its industrial partners, thereby encouraging them to apply the international ILO conventions on which the Agreement is based.

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

In 2006, 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 with 2007 data for publication in 2008.

▪ Period under review

The first PSA Peugeot Citroën Sustainable Development Report was published in 2004 with data as of 31 December 2003.

The 2005 Report, based on 2004 data, and the 2006 Report, based on 2005 data, were posted online in, respectively, May 2006 and May 2007.

Information and indicators in this Report are based on data as of 31 December 2007. Most of the indicators are presented with comments explaining any changes in their scope of reporting or calculation method.

Note 2: Data Verification

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 has been published in its entirety at the end of this supplement.

Note 3: Contacts

For more information, particularly concerning internal reporting processes, please write to Sustainable Development Department, PSA Peugeot Citroën, 75, avenue de la Grande-Armée, 75116 Paris, or by e-mail at contact.sustainability@mpsa.com

Since 1972, Peugeot S.A. has had a two-tier management structure, comprising a Managing Board, responsible for strategic and operational management, and a Supervisory Board, responsible for oversight and control. This separation is especially effective in addressing the concern for a balance of power between the executive and oversight functions, as reflected in the principles of good corporate governance.

THE SUPERVISORY BOARD

■ 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 Members

The Supervisory Board has twelve members plus three non-voting advisors (censeurs), all of whom are elected by stockholders for six-year terms. The other functions exercised by Supervisory Board members and advisors are listed on page 22 of the Registration Document, as well as the dates when they were elected and when their terms end.

The Supervisory Board believes that its membership appropriately reflects the percentage of capital held by the Company's main stockholder, the Peugeot family.

As of 1 March 2008, the Board comprised four family members - Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot and Marie-Hélène Roncoroni – and one relative, Marc Friedel.

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 recommendation of the French securities regulator (COB, now renamed AMF) dated 17 January 2003, 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 directors. To assess its members' independence, the Supervisory Board applies the criteria recommended in the Medef-Afep report on corporate governance, 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 are nevertheless considered to be independent.

The Supervisory Board considers that the automobile industry experience that its members contribute to 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 Medef-Afep 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 Stockholders' Meeting, the Supervisory Board will select candidates based on the recommendations of the Compensation and Appointments Committee and the independence criteria referred to above.

Each member of the Supervisory Board must own at least 25 shares of Peugeot S.A. stock

■ Supervisory Board Meetings in 2007

The Supervisory Board met five times in 2007, with an average attendance rate of 95%.

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 2008 budget at the December meeting.

The Committees of the Board reported their findings and recommendations at each of the meetings during the year.

At its 13 November meeting, the Board co-opted Jean-Philippe Collin as member to replace Frédéric Saint-Geours, who has been appointed Special Advisor, reporting to the Chairman of the Managing Board.

■ Board 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 Stockholders' 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:

- Stockholder-approved share issues (whether paid up in cash or by capitalising retained earnings) and capital reductions.
- Stockholder-approved issues of ordinary or convertible bonds.
- Any proposed merger agreements or agreements for the sale of a business.
- The signature or termination of any manufacturing and 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 business or financial 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.

Following on from the initial self-assessments carried out in 2004 and 2006, the Supervisory Board conducted a new self-assessment in February 2008, covering its procedures, its structure, the organisation of its meetings and the issues included on the agenda, the quality of discussions during each meeting and the steps taken to improve members' knowledge of the Group. The assessment also addressed the terms of reference of the Board committees and the reporting of the committees' findings and recommendations. Respondents suggested a certain number of improvements that were duly noted by the Chairman.

■ Supervisory Board Committees

The Supervisory Board has created three specialised committees: the Strategy Committee, the Compensation and Appointments Committee and the Finance Committee.

THE STRATEGY COMMITTEE

Terms of reference:

The Strategy Committee, set up in 1998, is responsible for considering the Group's long-term growth strategy. It reviews the Managing Board's long-term strategic plan and is consulted about proposed major transactions. It also prepares Supervisory Board decisions on strategic projects submitted for the Board's approval in accordance with Article 9 of the bylaws.

Members:

The Committee comprises seven members, appointed in their own name and not as representatives of corporate Supervisory Board members.

- Jean-Philippe Peugeot, Committee Chairman.
- Jean-Paul Parayre.
- Robert Peugeot.
- Thierry Peugeot.
- Henri Philippe Reichstul.
- Ernest-Antoine Seillière.
- Jean-Louis Silvant.

Activities in 2007:

The Strategy Committee met four times in 2007, mainly to discuss the Group's organisational structure following the appointment of a new Chairman of the Managing Board, the CAP 2010 program objectives and the Group's strategic objectives by business.

One meeting, which was attended by all members of the Supervisory Board, was specifically dedicated to reviewing the Group's automobile product plan.

THE COMPENSATION AND APPOINTMENTS COMMITTEE

Terms of reference:

Set up in 1998, 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.

Members:

The Committee comprises four members, appointed in their own name and not as representatives of corporate Supervisory Board members.

- Thierry Peugeot, Committee Chairman.
- Jean-Philippe Peugeot.
- Ernest-Antoine Seillière.
- Jean-Louis Silvant.

Activities in 2007:

The Compensation and Appointments Committee met six times in 2007, to discuss the replacement of a Supervisory Board member, the composition of the Managing Board, the base salary and bonuses of Managing Board members and the granting of stock options to Managing Board members.

THE FINANCE COMMITTEE

Terms of reference:

The Finance Committee, set up in 2002, is responsible for informing the Board of its opinion on the interim and annual 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.

Members:

The Committee comprises five members, including a new Chairman. Members are appointed in their own name and not as representatives of corporate Supervisory Board members.

- Jean-Paul Parayre, Committee Chairman.
- Marc Friedel.
- Jean-Louis Masurel.
- Robert Peugeot.
- Marie-Hélène Roncoroni.

Activities in 2007:

The Committee met six times in 2007. At each meeting, it reviewed the management reporting indicators. The auditors and the Chief Financial Officer attended the meetings held to review the 2006 financial statements and the 2007 interim financial statements.

A special meeting was held to examine the details of a fraud at Banque PSA Finance and the action plans undertaken in response.

In February 2008, the Committee met with the auditors to review the 2007 financial statements of the Company and the Group, prior to their presentation to the Supervisory Board on 12 February 2008.

■ Supervisory Board Compensation

Pursuant to the decision of the Annual Stockholders' Meeting of 26 May 2004, Supervisory Board members and advisors are paid annual attendance fees up to an aggregate amount of €340,000 a year. In 2007, they were paid an aggregate €319,500 in fees. A fixed fee of €17,000 was paid to each member for serving on the Supervisory Board. Members of Board committees were paid an additional €5,000, except the Chairmen, who were paid €10,000. By decision of the Supervisory Board, the Chairman and Vice Chairmen of the Board receive an additional fee of €425,000 and €22,860 respectively.

 The compensation paid to individual Supervisory Board members and advisors is disclosed on page 36 of the Registration Document.

■ Situation of Supervisory Board and Managing Board Members

Thierry Peugeot, Jean-Philippe Peugeot, Robert Peugeot, Marie-Hélène Roncoroni and Marc Friedel are related.

There are no family ties among the other Supervisory Board or Managing Board members.

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.

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.

None of the members of the Supervisory Board or Managing Board have service contracts with Peugeot S.A. or any of its subsidiaries, providing for benefits upon termination of employment.

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.

Under French company law, only the Annual Stockholders' Meeting has the authority to remove a Supervisory Board member from office. Managing Board members may be removed from office by the Supervisory Board, in accordance with Company bylaws, or by the Annual Stockholders' Meeting, in accordance with French company law.

THE MANAGING BOARD AND EXECUTIVE MANAGEMENT

■ The Managing Board

The Managing Board is comprised of Christian Streiff, Chairman, Grégoire Olivier, Jean-Philippe Colin, Gilles Michel and Roland Vardanega.

Its membership has changed twice since 2007: i) on 6 February 2007 following the retirement of Jean-Martin Folz and Claude Satinet and the increase in the number of members to five; and ii) on 1 January 2008, following the appointment of Jean-Philippe Collin as Chief Executive Officer of Automobiles Peugeot, replacing Frédéric Saint-Geours, who has been appointed Advisor to the Chairman of the Managing Board.

■ The Executive Committee

Executive management of the PSA PEUGEOT CITROËN Group is the responsibility of the Managing Board with the support of the ten-member Executive Committee. As of January 1, 2008, the members were:

Christian Streiff, Chairman of the Managing Board, Jean-Philippe Collin, member of the Managing Board (Peugeot), Gilles Michel, member of the Managing Board (Citroën), Grégoire Olivier, member of the Managing Board (Programs), Roland Vardanega, member of the Managing Board (Manufacturing and Components), Frédéric Saint-Geours (Advisor to the Chairman), Isabel Marey-Semper (Finance and Strategy), Jean-Luc Vergne (Human Resources), Jean-Claude Hanus (Legal Affairs, Institutional Relations and Internal Audit) and Liliane Lacourt (Communication).

In addition to the above members, the Expanded Executive Committee also includes Claude Vajsman (China), Vincent Rimbaud (Mercosur), Jean-Christophe Ouémard (Purchasing), Daniel Marteau (Replacement Parts), Alain Sartoris (Executive Development and Information Systems) and Pascal Hénault (Automotive Research and Innovation), who each report directly to the Chairman of the Managing Board.

■ Managing Board Compensation

The compensation paid to each Managing Board member is determined by the Supervisory Board after reviewing the recommendations of the Compensation and Appointments Committee. It includes both a base salary and an incentive bonus.

☞ Compensation paid in respect of 2007 to the Managing Board members who served during that year is disclosed on page 36 of the Registration Document.

Members of the Managing Board receive a base salary and an incentive bonus. Base salaries have been set at €1,030,000 for Christian Streiff and at €618,000 for each of the other Managing Board members. Barring exceptional circumstances, the Chairman's incentive bonus may vary from 50% to 110% of his base salary, while the incentive bonus paid to other members of the Managing Board may vary from 0 to 100% of his or her base salary. The incentive bonus, as determined by the Supervisory Board for 2007, will comprise 1) a portion based on the Group's consolidated financial results, which will be shared among all of the Managing Board members, and 2) a portion based on the achievement of personal objectives assigned to each member, reflecting more specifically the areas under his or her direct responsibility.

■ Commitments Given to Managing Board Members

In line with previous Supervisory Board decisions, the employment contracts of Managing Board members, which were suspended upon their appointment as corporate officers, will be reinstated when they cease to be a member of the Managing Board.

Under the terms of the agreement, in such a case, 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 would be taken into account for the purpose of calculating their seniority under the employment contract. In accordance with the law, the Supervisory Board has decided to make this arrangement 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.

No other commitments have been given to past or present Managing Board members concerning any other benefits to be paid when they cease to be a member.

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. 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.

■ Stock options

The Managing Board, in full agreement with the Supervisory Board and in compliance with stockholder-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 trading days following the publication of the Group's first-half consolidated earnings, without any discount. On 22 August 2007, the Managing Board used the authorisation granted by the Annual Stockholders' Meeting of 23 May 2007 to issue 1,155,000 options to purchase existing shares of Peugeot S.A. stock for €60.43 per share.

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.

☞ Details of the options to purchase existing shares of Peugeot S.A. stock granted to Managing Board members in 2007 are presented on page 37 of the Registration Document.

☞ Details of stock option plans in effect at 31 December 2007, the aggregate number of options granted to the eleven employees other than corporate officers receiving the largest number of stock options under the 2007 plan, and the number of options exercised in 2007 are presented on pages 37 and 273 of the Registration Document.

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 Stockholders' Meeting. On 16 April 2007, Faurecia granted 288,500 options to purchase new shares of company stock for €53.19 per share.

INTERNAL AND EXTERNAL CONTROLS

Control is assured both internally, by the Supervisory Board and the internal auditors, and also externally by the statutory auditors and, in the case of Banque PSA Finance, by the French Banking Regulator (Commission Bancaire).

■ Internal Control

Internal control covers all the processes and procedures implemented throughout the organisation to provide reasonable assurance that the following three objectives are met: effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations. Internal control also contributes to achieving performance and profitability targets. However, it does not offer absolute protection from human error.

The overall organisation of internal control mirrors the Group's operating processes.

The overall structure of delegations of authority down the chain of command reflects the Group's internal organisation. Delegations of authority describe each individual's role and responsibilities, indicating the areas covered by the delegation, the terms of reference and, if necessary, the rules and regulations to be complied with and the practices to be followed.

In 2003, the Group issued a Code of Ethics setting out the standards of conduct and behaviour to be met by all employees, who may consult it at any time on the Group intranet. The Managing Board has appointed an Ethics Delegate to advise employees who have questions concerning the interpretation or practical application of the Code.

The Internal Audit department is part of the Legal Affairs, Institutional Relations and Audit Department, which is overseen directly by the Chairman of the Managing Board. The Vice-President, Internal Audit has direct authority over the corporate-level internal auditors and has a dotted-line reporting relationship with the internal auditors working in various departments of the Automobile Division and the other Group companies. This organisation enables him or her to ensure that all of the Group's activities are covered in an efficient manner, to monitor the quality of internal audits and to track implementation of the action plans recommended by the internal auditors.

The Internal Audit department is responsible for:

- Guaranteeing the implementation of internal controls.
- Verifying compliance with mission-critical processes and methods and assessing their effectiveness.
- Recommending improvements to enhance the performance of corporate departments and subsidiaries.

The annual internal audit program is submitted to the Executive Committee for approval and the Vice-President, Internal Audit reports to the Executive Committee twice a year on the department's activities and findings.

Internal control is based first and foremost on a series of financial and accounting procedures.

The consolidated financial statements are prepared by the consolidation department, which is also responsible for establishing and updating Group accounting policies.

Controls over management information are performed at the level of the Group, the divisions and the operating units.

Published financial information is based on the consolidated financial statements approved by the Managing Board and presented to the Supervisory Board, as well as on analyses of consolidated data. The information is audited or reviewed by the statutory auditors prior to being published.

Financing decisions and banking relations are managed at Group level, together with cash management transactions for Eurozone subsidiaries, foreign currency cash flows and related transactions on the currency markets, and financial market transactions related to interest rates. For entities outside the Eurozone, locally managed cash flows and cash balances are closely tracked at Group level.

The tax department is responsible for managing the Group's overall tax position, monitoring compliance with tax laws and regulations and identifying tax-planning opportunities. To this end, it manages the tax position of all of the French entities, deals with the tax administration in connection with tax audits, and analyses the tax implications of major projects such as acquisitions, disposals and reorganisations, as well as of cross-border transactions. It also supervises operations carried out locally.

The procedures put in place by the operating units and the related controls are designed to guarantee proper internal control of all Automobile Division functions.

In the area of research and development, a project-based management approach is used for the development of new vehicles and components, so as to clearly define the related return on investment and cost targets. Each project is tracked from start to finish by a dedicated team.

The purchasing department is responsible for defining and implementing global purchasing policies applicable to all the automobile operations.

It is organised to encourage supplier participation in the design of products and processes, as well as to ensure that bought-in components, machinery and services comply with Group standards in terms of cost, quality and delivery times. The purchasing department's internal auditors are responsible for assessing the overall level of internal control, as well as the theoretical and practical effectiveness of control procedures, and proposing improvements.

Manufacturing operations are placed under the responsibility of a single, unified department, which manages, leads and oversees all of the Group's production plants worldwide, with a focus on ensuring that products are manufactured in the required quantities, in accordance with the applicable technical and quality standards, at the lowest cost and with an acceptable lead time. Internal control is based on a standard set of specific operating procedures. It is organised around operational management systems in each plant, real-time centralised reporting of physical indicators and a process that drives continuous improvement, as measured by a series of indicators calculated for all production sites.

The Peugeot and Citroën brands are responsible for defining and marketing their products and services throughout the world, enhancing their image and building market share. Each brand's system of internal control is based on a description of operating processes and procedures at headquarters level, as well as at the levels of the importer subsidiaries and the dealerships.

It is organised around the operational management structure, with the same top-down approach, control system and continuous improvement process.

The other divisions apply the same standards and principles as the Automobile Division, tailored to their specific organisation structure.

Banque PSA Finance is also subject to banking regulations, with which it strictly complies.

As an independent company, Faurecia has its own system of internal control, described in the company's registration document.

■ 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.

The two statutory auditors, PricewaterhouseCoopers Audit and Mazars & Guérard, were appointed by stockholders at the Annual Meeting on 25 May 2005, following a proposal process managed by the Finance Committee of the Supervisory Board. Their appointment expires at the Annual Stockholders' Meeting to be called in 2011 to approve the 2010 financial statements.

Through the members of their networks in all the countries where the Group operates, PricewaterhouseCoopers Audit and Mazars & Guérard act as contractual auditors of all the Group's 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 stockholders 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 2007 amounted to €7.7 million for PricewaterhouseCoopers, €1.9 million for Mazars & Guérard and €2.8 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.

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2007 Sustainable
Development Indicators

ECONOMICS



OWNERSHIP STRUCTURE AND FORM OF INCORPORATION

Most of the information concerning the direct economic value generated and distributed by PSA Peugeot Citroën is presented on page 159 of the Registration Document, in Chapter 9, "Consolidated Financial Statements".

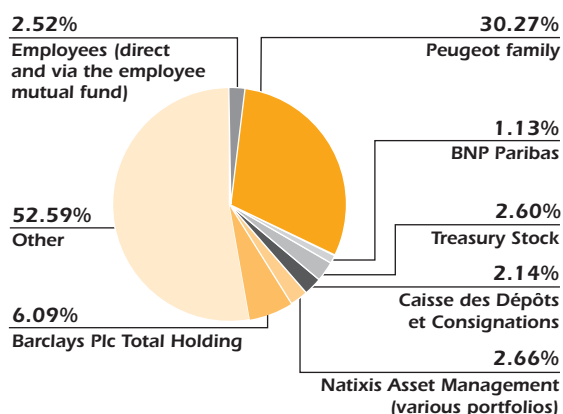
Ownership structure

At 31 December 2007, capital stock consisted of 86,152,556 registered shares, held by 641 stockholders, and 148,127,742 bearer shares.

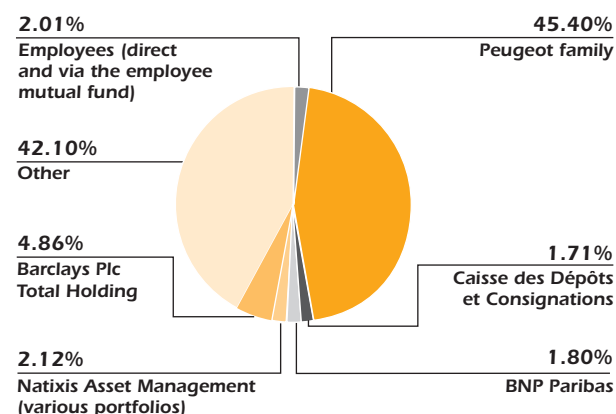
	31 December 2007			31 December 2006			31 December 2005		
	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights	Number of shares	% interest	% voting rights
Main identified shareholders									
Établissements Peugeot Frères	6,923,760	2.96	4.72	6,923,760	2.95	4.73	6,923,760	2.95	4.62
La Française de Participations Financières (LFPF)	12,156,000	5.19	7.33	12,156,000	5.18	6.98	12,156,000	5.18	6.82
Foncière, Financière et de Participations (FFP)	51,792,738	22.11	33.33	51,792,738	22.08	33.39	51,792,738	22.08	33.6
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	30.27	45.40	70,908,498	30.22	45.12	70,908,498	30.22	45.06
Caisse des Dépôts et Consignations	5,010,114	2.14	1.71	5,197,462	2.22	1.77	6,191,462	2.64	2.07
BNP Paribas	2,641,800	1.13	1.8	2,641,800	1.13	1.80	2,641,800	1.13	1.76
Treasury stock	6,097,714	2.60	-	6,534,475	2.79	-	5,612,693	2.39	-
Employees (direct and via the employee mutual fund)	5,900,338	2.52	2.01	6,253,162	2.67	2.14	5,976,782	2.53	1.98
Natixis Asset Management (various portfolios)	6,232,432	2.66	2.12	-	-	-	-	-	-
Barclays Plc Total Holding	14,270,910	6.09	4.86	-	-	-	-	-	-
Other	123,218,492	52.59	42.10	143,082,869	60.97	49.17	143,287,031	61.09	49.13
Total	234,280,298	100	100	234,618,266	100	100	234,618,266	100	100

Capital and voting rights structure

Capital structure at 31 December 2007

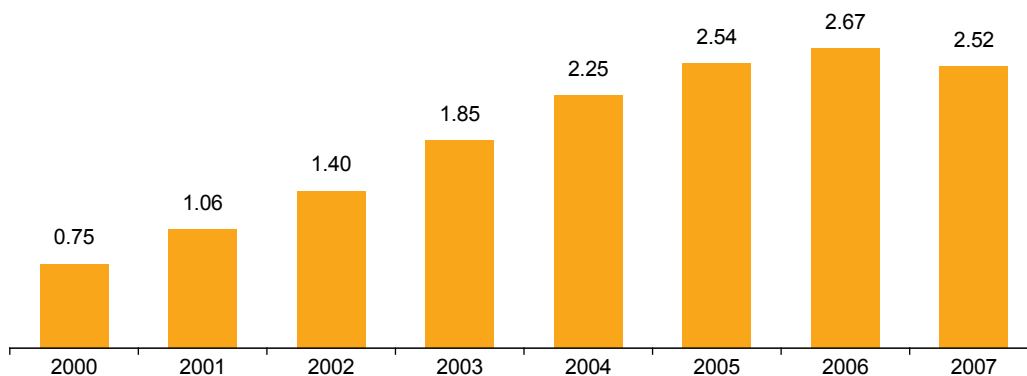


Voting rights structure at December 31, 2007



■ Percentage of capital held by employees through employee shareholding plans worldwide

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



Over the past six years, the percentage of issued capital held by employees has increased from 0.75% in 2000 to 2.52% at December 31, 2007. In all, more than 48,000 employees are Peugeot S.A. shareholders, in particular in Portugal, where the system was introduced in 2007.

The decline in 2007 was primarily due to the decrease in the number of employees invested in the PSA Peugeot Citroën employee mutual fund.

■ Methodology

The main identified stockholders have been determined based on registered shares and notifications to the Company that disclosure thresholds had been crossed.

Each share entitles the holder to vote at the Annual Stockholders' Meeting. However, shares registered in the name of the same stockholder 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, including rights attached to shares held in treasury is available on page 271 of the Registration Document.

PAYMENTS TO CAPITAL PROVIDERS

■ Dividend history

Dividend per share	2007	2006	2005	2004	2003
Dividend	1.50*	1.35	1.35	1.35	1.35
Tax credit	**	**	**	**	0.675
Total revenue	**	**	**	**	2.025
Payout ratio	39.7%	168.8%	30.1%	22.9%	21.4%

* Subject to stockholder approval at the 28 May 2008 Annual Stockholders' Meeting.

** Beginning with dividends received in 2005, the tax credit has been replaced, under certain conditions, with tax relief.

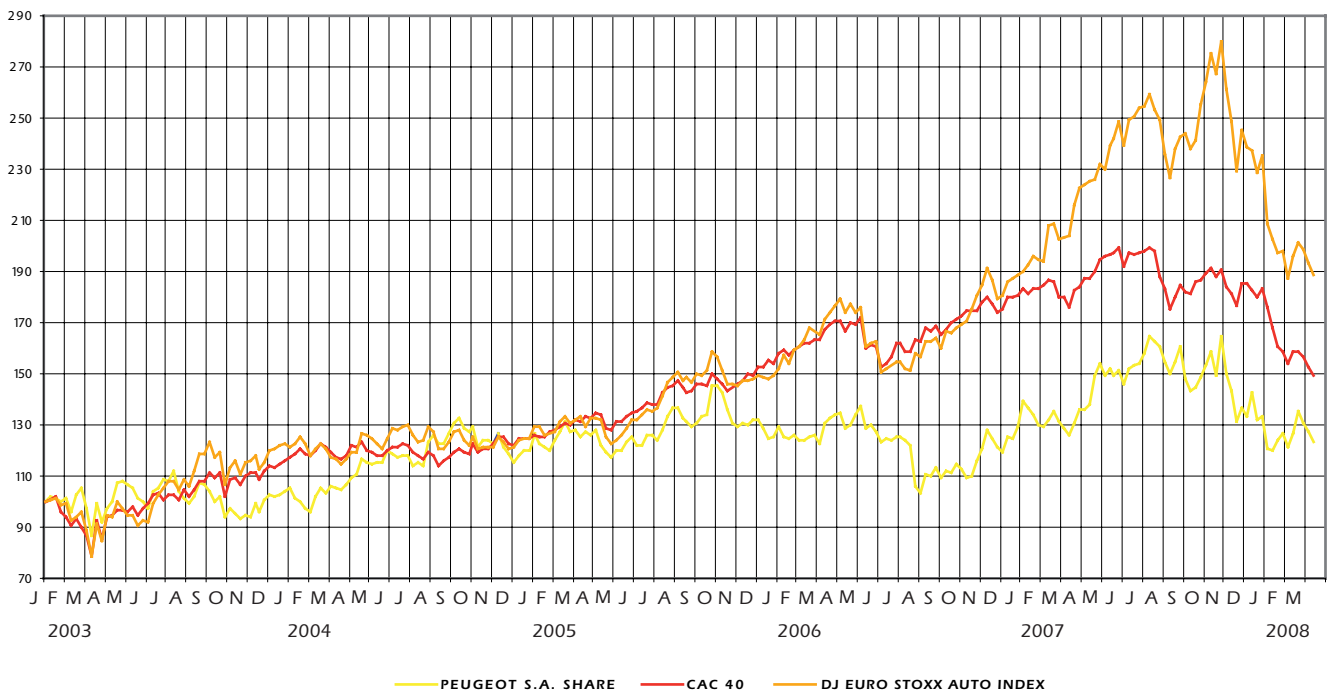
The recommended dividend amounts to €1.50 per share. Every year, the dividend is paid seven days after stockholder approval at the Annual Meeting, which for the 2007 dividend corresponds to 4 June 2008.

Based on the number of shares outstanding at 31 December 2007, the 2007 dividend submitted to stockholder approval at the 28 May 2008 Annual Meeting corresponds to a total payout of €351 million.

■ Share Performance

Performance of the Peugeot S.A. Share Versus the CAC 40 Index and the DJ Euro Stoxx Auto Index

(31 December 2002 to 10 March 2008, base 100)



The Peugeot S.A. share gained 3.29% in 2007, ending the year at €51.85. This compared with increases of 1.31% in the CAC index and of 24.95% in the DJ Euro Stoxx Auto index over the same period. Over the past five years, the Peugeot S.A. share has gained 33.43%, compared with an 83.23% increase in the CAC 40 index and a 135.55% increase in the DJ Euro Stoxx Auto index.

🌐 Track the Peugeot S.A. share price in real time at <http://www.psa-peugeot-citroen.com>

■ Total Shareholder Return (TSR)

Peugeot S.A. share: total shareholder return compared with 31 December of the year before

	TSR
31 December 2005	7%
31 December 2006	6%
31 December 2007	6%

Peugeot S.A. share: total shareholder return compared with 31 December 1999

	TSR excluding tax credit
31 December 2005	47%
31 December 2006	54%
31 December 2007	62%

Total shareholder return reflects the steady share price gains since 1999 and the increase in the dividend. The Peugeot S.A. share price rose 3.29% in 2007, compared with a 1.31% increase in the CAC index over the year.

■ Finance costs

(in € millions)

	2007	2006	2005
Interest on other borrowings	(205)	(158)	(125)
Interest on bank overdrafts	(65)	(60)	(57)
Interest on finance lease liabilities	(17)	(14)	(8)
Foreign exchange gain/(loss) on financial transactions	5	3	(7)
Net gain/(loss) on hedges of borrowings*	(7)	11	(5)
Other	(17)	(16)	(17)
Total	(306)	(234)	(219)

* 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 2007 retained earnings may be found in the 2007 Registration Document. Chapter 11: Annual Stockholders' Meeting /// Third resolution – Appropriation of profit, page 264. The third resolution concerns the appropriation of profit for the year and the payment of a dividend.

AUTOMOBILE SALES

■ Consolidated worldwide sales by region

(Assembled vehicles and completely knocked-down (CKD) units)

	2007	2006	2005
Western Europe	2,323,600	2,296,200	2,360,500
Peugeot	1,223,700	1,224,900	1,257,500
Citroën	1,099,900	1,071,300	1,103,000
Eastern Europe *	132,500	114,600	111,000
Peugeot	70,000	60,400	60,300
Citroën	62,500	54,200	50,700
Russia	37,200	29,400	16,500
Peugeot	26,300	16,100	9,600
Citroën	10,900	13,300	6,900
Mercosur **	216,000	166,500	134,700
Peugeot	140,600	115,000	94,600
Citroën	75,400	51,500	40,100
China	208,900	202,500	141,000
Peugeot	93,200	81,900	40,600
Citroën	115,700	120,600	100,400
Rest of the world	315,200	306,700	311,300
Peugeot	232,300	225,500	234,900
Citroën	82,900	81,200	76,400
Total assembled vehicles	3,233,400	3,115,900	3,075,000
Peugeot	1,786,100	1,723,800	1,697,500
Citroën	1,447,300	1,392,100	1,377,500
Total CKD units	195,000	250,000	315,000
Peugeot	181,000	236,000	298,000
Citroën	14,000	14,000	17,000
Total assembled vehicles and CKD units	3,428,400	3,365,900	3,390,000
Peugeot	1,967,100	1,959,800	1,995,500
Citroën	1,461,300	1,406,100	1,394,500

* Croatia, Hungary, Poland, Czech Republic, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Cyprus and Malta

**Brazil and Argentina

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)

	2007		2006		2005	
	Units	Market share (%)	Units	Market share (%)	Units	Market share (%)
Austria	28,500	8.7	29,800	8.8	32,100	9.5
Belgium and Luxembourg	127,300	19.6	131,000	20.4	122,900	20.7
Denmark	39,200	18.1	36,500	16.6	33,900	16.5
Finland	13,000	9.0	15,400	9.5	17,700	10.8
France	779,700	30.9	764,900	31.3	785,000	31.6
Germany	185,600	5.5	207,800	5.7	201,800	5.7
Greece	27,800	9.1	26,400	9.0	25,400	8.7
Iceland	600	2.8	700	3.9	900	4.5
Ireland	13,400	5.8	14,700	6.7	17,500	8.4
Italy	268,900	9.9	242,500	9.5	240,800	9.8
Netherlands	71,200	12.1	66,500	12.1	69,300	13.0
Norway	16,300	9.3	13,700	9.0	14,600	9.9
Portugal	46,500	17.2	47,300	18.2	48,400	18.5
Spain	363,200	19.2	375,800	19.7	394,400	20.6
Sweden	34,200	9.7	31,500	9.8	35,400	11.4
Switzerland	28,700	9.2	26,700	9.1	28,200	9.8
United Kingdom	286,000	10.4	280,900	10.5	283,300	10.2
Total Western Europe (18 countries)	2,330,100	13.8	2,312,100	13.8	2,351,600	14.3

Figures have been rounded to the nearest 100.

Worldwide sales by model
(passenger cars and light commercial vehicles)

	2007	2006	2005
Peugeot			
107	104,300	98,700	31,700
1007	18,600	34,100	53,800
206	308,200	475,100	676,500
207	520,200	300,500	800
307	369,100	447,000	520,400
308	82,500	-	-
405	131,300	158,200	196,400
406	3,000	3,300	4,300
407	136,000	181,500	241,400
607	7,500	10,500	19,100
807	21,100	24,200	27,500
4007	6,300	-	-
Expert	43,600	33,100	32,700
Partner	160,700	148,500	144,500
Boxer	54,200	44,600	43,300
Other	500	500	3,100
Total	1,967,100	1,959,800	1,995,500
of which diesel-powered versions	951,600	914,400	953,300
of which passenger cars	1,748,000	1,757,500	1,793,900
of which light commercial vehicles	219,100	202,300	201,600
Citroën			
C1	99,500	90,300	30,100
C2	94,900	103,900	126,100
C3	276,700	286,700	306,300
ZX	59,500	92,900	93,000
Xsara	119,200	183,500	198,900
C4	437,900	262,400	237,100
Xantia	10,400	11,300	14,200
C5	50,900	73,200	88,800
C6	7,600	7,100	400
C8	12,700	20,300	23,500
C-Crosser	6,600	-	-
Jumpy	38,700	33,800	32,500
C15	-	1,300	26,100
Berlingo	187,700	194,600	169,400
Jumper	58,600	44,800	48,100
Other	400	1,300	-
Total	1,461,300	1,407,400	1,394,500
of which diesel-powered versions	835,600	759,200	757,300
of which passenger cars	1,245,200	1,210,900	1,189,000
of which light commercial vehicles	216,100	195,200	205,500
Total PSA Peugeot Citroën	3,428,400	3,367,200	3,390,000
of which diesel-powered versions	1,787,200	1,673,600	1,710,600
of which passenger cars	2,993,200	2,968,400	2,982,900
of which light commercial vehicles	435,200	397,500	407,100

TURNOVER

■ Consolidated turnover by business

(in € millions)

	Automobile division	Automotive equipment	Transportation and logistics	Finance companies	Other businesses	Intersegment eliminations	Total
2007							
Turnover							
- From sales to outside customers	47,408	10,028	1,403	1,544	230	-	60,613
- From intra-Group sales	48	2,633	2,151	455	266	(5,553)	0
Total	47,456	12,661	3,554	1,999	496	(5,553)	60,613
2006							
Turnover							
- From sales to outside customers	44,444	9,199	1,272	1,396	283	-	56,594
- From intra-Group sales	122	2,450	1,973	365	370	(5,280)	0
Total	44,566	11,649	3,245	1,761	653	(5,280)	56,594
2005							
Turnover							
- From sales to outside customers	44,940	8,510	1,157	1,380	280	-	56,267
- From intra-Group sales	131	2,468	1,843	276	429	(5,147)	0
Total	45,071	10,978	3,000	1,656	709	(5,147)	56,267

■ Consolidated turnover by region

(in € millions)

	Western Europe	Rest of Europe	Latin America	Rest of the world	Total
2007					
Turnover	47,533	3,552	3,391	6,137	60,613
Capital expenditure	2,320	156	183	82	2,741
Non-current assets excluding deferred tax assets and financial assets	16,807	1,061	610	321	18,799
2006					
Turnover	45,087	2,844	2,758	5,905	56,594
Capital expenditure	2,966	242	145	131	3,484
Non-current assets excluding deferred tax assets and financial assets	17,493	1,048	483	372	19,396
2005					
Turnover	46,083	2,300	2,150	5,734	56,267
Capital expenditure	3,105	484	83	160	3,832
Non-current assets excluding deferred tax assets and financial assets	17,255	904	465	389	19,013

GLOBAL PURCHASES

■ Total worldwide purchasing expenditure in 2007

(in € billions)

	2007	2006	2005
Standard parts	22.3	22.3	22.1
Total	30.3	30.3	29.3

Standard parts used in vehicle manufacturing accounted for a little under 74% of the total €30.3 billion in worldwide purchases in 2007. As of 1 January 2007, these parts and components were sourced from 1,219 suppliers affiliated with 528 companies. In all, they represent around 70% of a vehicle's total cost.

■ Supplier commitments

PSA Peugeot Citroën's social and environmental standards have been extended to suppliers through guidelines published by the Purchasing Department and distributed to the Group's 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 2007, 43% of the Group's global standard parts procurement was covered by supplier agreements ensuring compliance with its social responsibility and environmental standards.

☞ 2007 priority action: "Continue raising supplier awareness of their responsibilities," in a commitment to deepening supplier involvement in the Group's sustainable development process.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ 2007 priority action: "Verify supplier compliance with sustainable development principles," in a commitment to measuring supplier performance in social responsibility and environmental issues.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

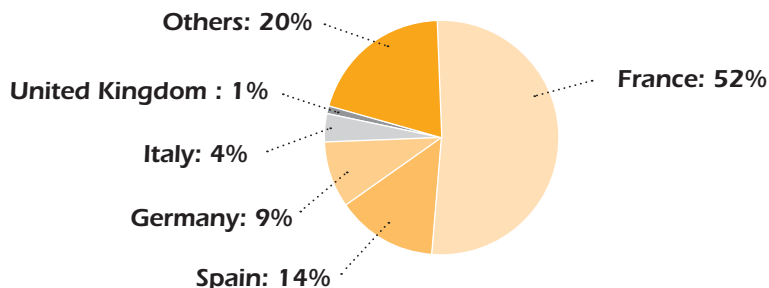
☞ The 2010 sustainable development objective concerning supplier responsibility is designed to get the Group's 500 largest suppliers involved in the process.

☞ "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 supplier website, http://b2b.psa-peugeot-citroen.com/en_US/info/Exigences_VAng_decembre_2006.pdf

PURCHASING BY COUNTRY AND LOCAL CONTENT

■ Standard parts sourcing by country of production in 2007

(Country of production)



In 2007, 80% of standard parts were purchased in five European countries.

In 2008, 50% of these parts and components are being 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.

■ 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 Palomar, Argentina plant, local content varies between 60% and 75%.

In Central Europe, 63% of purchases at the Kolín facility in the Czech Republic are locally sourced, local content (from Central and Eastern European countries) at the Trnava, Slovakia plant has increased to 48% at end-2007 from 5% in 2005, and 90% of the Trnava plant's construction was carried out by Slovak contractors.

In China, local content in the Fukang and 206 produced by the DPCA joint venture stands, respectively, at 90% and 85%.

■ 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).

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:

- Poland, the Czech Republic, Slovakia and Hungary.
- The former Soviet Baltic republics: Estonia, Latvia and Lithuania.
- The former Soviet Slavic republics: Belarus, Ukraine and Russia.
- Countries in the former Yugoslavia: Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Kosovo, Montenegro and Macedonia.
- Other Eastern European countries: Albania, Romania, Moldavia and Bulgaria.

07

2007 Sustainable
Development Indicators

PRODUCTS



ALTERNATIVE TECHNOLOGIES AND PROPULSION SYSTEMS

☞ 2007 priority action: "Promote the use of alternative fuels around the world," in a commitment to offering at least one alternative-fuel model in the Group's major country markets, depending on the economics and trade-offs in each country. [Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Promoting alternative-fuel solutions is one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

■ Effective solutions for 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. This strategy allows a 10% improvement in fuel efficiency while maintaining the same torque and power output.

Other gains have been driven by the extensive re-working of subassemblies as part of the vehicle engineering process:

- Improving engine combustion to increase energy efficiency.
- Equipping certain models with electronic manual gearboxes that reduce fuel consumption by up to 5%.
- Reducing weight, while maintaining compliance with safety standards and fulfilling customer expectations for more and better features.
- Improving aerodynamics for road/motorway cycle homologation.
- Selecting tyres that offer the best tradeoff between grip (primary safety) and low rolling resistance.

■ Promoting the use of alternative fuels

Another way to reduce vehicle CO₂ emissions is to develop the use of alternative fuels and new propulsion technologies.

For many years, PSA Peugeot Citroën has been studying the benefits of first-generation biofuels and encouraging their use in blends with conventional fuels, in compliance with French and European legislation. Indeed, these fuels can already be used in substantially high proportions in every Peugeot or Citroën vehicle without any technical modifications. They 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.

Biodiesels are a blend of vegetable oil methyl esters (VOMEs) and automotive diesel fuel. Two examples are Diester® 30%, made from oilseeds such as rapeseed (fatty-acid methyl ester-FAME, used as 30% of a blend with 70% diesel fuel) and B30, made from soybeans.

Ethanol and its derivative, ethyl tertiary butyl ether (ETBE), are biofuels that can be blended with petrol. Ethanol is derived from cereals and sugar beets in Europe and sugar cane in Brazil. Used in flex-fuel engines, E85 is a blend of 85% denatured fuel ethanol and 15% petrol by volume.

Biofuels offer an effective solution for abating greenhouse gas emissions because the plants from which they are made trap atmospheric CO₂ through photosynthesis and provide a renewable source of energy.

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

In France, for example, the Group is a member of the Diester Partners association, which encourages the use of Diester® in three ways:

- Forming a network to exchange information about using Diester® in higher percentages than the standard 5% (mainly in a 30% blend).
- Promoting Diester®'s technical and environmental benefits to captive fleet managers.
- Acting as a preferred interface with French and international authorities.

In China, the Group is conducting biodiesel research with the China Automotive Technology & Research Centre (CATARC), while in South America, a series of trials has been initiated with Ladetel, a Brazilian clean technologies laboratory specialised in biofuels.

PSA Peugeot Citroën is also closely tracking research on second-generation biofuels, which are expected to arrive at the pumps in 2020-2030. This research is designed to increase fuel production per unit of farmland, by using all of the plant material in today's fuel crops as well as a wide range of organic waste, such as wood chips and biomass.

Another alternative fuel solution being explored by the Group is compressed natural gas (CNG), which, in comparison to conventional fuels, is high calorific, reduces greenhouse gas and other emissions by 20% compared with an equivalent petrol engine, and burns very quietly.

☞ 2007 priority action: "Develop a dual-fuel engine optimised for CNG," in a commitment to equipping a line of compact and mid-sized models, in order to leverage the fuel's potential for reducing carbon emissions.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

■ Putting hybrid diesel technologies on the road

PSA Peugeot Citroën is actively developing a variety of hybrid powertrain technologies, emphasising a staged approach that will enable it to extend them across the Peugeot and Citroën line-ups beginning in the next decade.

The Stop & Start system introduced by the Group is a highly cost-effective first-stage hybrid technology that is currently available on the Citroën C2 and C3. It 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. In this way, it reduces fuel consumption and, consequently, carbon emissions by 8 to 15% in city driving. And with the car totally silent while the engine is off, the Stop & Start system also helps to improve the quality of life in cities. Trials in Paris under normal driving conditions have shown that a vehicle is stopped, with the engine running, 30% of the time.

All of these features mean that the Stop & Start system addresses a number of traffic-related issues in cities, where 75% of Europeans live. In addition, according to the United Nations, 60% of the world's population will live in cities by 2030. As an affordable system fitted on compact city cars, Stop & Start is designed for wide application, which will further enhance its positive impact on the environment. Indeed, the Group plans to deploy the technology across all of its model line-ups, with the objective of selling one million Stop & Start-equipped vehicles in 2011.

Another phase in hybrid technology is full-hybrid, where the Group's expertise was showcased with the January 2006 presentation of the Citroën C4 and Peugeot 307 Hybrid HDi demonstrators. The combination of the HDi diesel with a diesel-electric powertrain delivers truly breakthrough performance in terms of fuel efficiency and CO₂ emissions. On a compact family car, consumption falls to a remarkably low 3.4 litres per 100 kilometres (combined cycle), for CO₂ emissions of just 90g/km. Compared to the same vehicle fitted with an already very efficient HDi engine, the technology results in an almost 30% improvement in fuel economy.

☞ 2007 priority action: "Introduce a diesel hybrid," in a commitment to developing an HDi hybrid powertrain for an affordably priced mid-range vehicle, emitting just 90 grams of CO₂ per kilometre, for market introduction in 2010.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Working on hybrid and electric vehicles is one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

■ Hydrogen fuel cells: a longer-term solution for the environment

Fuel cells offer many benefits, including a reduction in carbon emissions and the elimination of local hydrocarbon (HC) and nitrogen oxide (NOx) emissions. An in-house team of specialists is working on different cells and 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 GENEPAC, a world-class 80kW modular fuel cell stack perfectly suited to automotive applications.

These research programs are aimed at making the development of automotive fuel cell technology both technically and financially feasible. The challenges involved – lowering fuel cell costs, integrating fuel cells into vehicles, and storing and distributing hydrogen – are often beyond the carmaker's control. As a result, the Group plans to gradually introduce the technology beginning around 2020.

PSA PEUGEOT CITROËN SALES BY TYPE OF FUEL

■ PSA Peugeot Citroën sales by region and type of fuel

Fuel/Power	Year	Western Europe	Rest of the World	Total
Petrol	2007	807,770	833,363	1,641,133
	2006	851,255	841,064	1,692,319
	2005	874,853	804,369	1,679,222
	2004	920,913	726,515	1,647,428
Of which CNG	2007	1,014	65	1,079
	2006	1,875	105	1,980
	2005	1,194	12	1,206
	2004	539	–	539
Diesel	2007	1,515,876	271,357	1,787,233
	2006	1,444,912	228,681	1,673,593
	2005	1,485,478	225,162	1,710,640
	2004	1,503,454	224,121	1,727,575
Electric	2006	10	–	10
	2005	143	–	143
	2004	255	–	255
Total	2007	2,323,646	1,104,720	3,428,366
	2006	2,296,177	1,069,745	3,365,922
	2005	2,360,474	1,029,531	3,390,005
	2004	2,424,622	950,636	3,375,258

PSA Peugeot Citroën has developed new petrol engine technologies, as illustrated by the mid-size engines being produced in cooperation with BMW.

It has also consolidated its leadership in diesel engines, which for equivalent performance use considerably less fuel than petrol engines.

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. The percentage of diesel-powered passenger cars in the European market almost doubled from 1998 to 2007, when they accounted for nearly 60% of all cars sold during the year.

PSA Peugeot Citroën manufactured more than 1.45 million cars equipped with common-rail HDi powerplants in 2007, bringing total output to more than 10.7 million units since 1998.

The Group has signed the third CNG protocol aimed at developing this solution in France, where it already markets CNG commercial vehicles and, since October 2005, a five-seater CNG Citroën C3 intended for the consumer market.

It is also developing a multipurpose CNG engine adapted to the requirements of countries like Argentina and Iran, where gas is already a viable alternative to oil.

After having led the global electric vehicle market, with 10,000 units sold, 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.

■ Flex-fuel vehicles invoiced to dealers

Brand	Region	2004	2005	2006	2007
Citroën	Western Europe			1	1,586
	France			1	918
	Rest of World		3,088	24,661	34,708
	Total		3,088	24,662	36,294
Peugeot	Western Europe		2		1,831
	France		2		204
	Rest of World	4	14,055	56,372	53,943
	Total	4	14,057	56,372	55,774
PSA	Western Europe		2	1	3,417
	France		2	1	1,122
	Rest of World	4	17,143	81,033	88,651
	Total	4	17,145	81,034	92,068

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

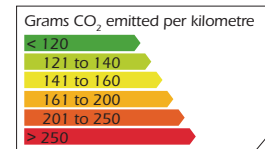
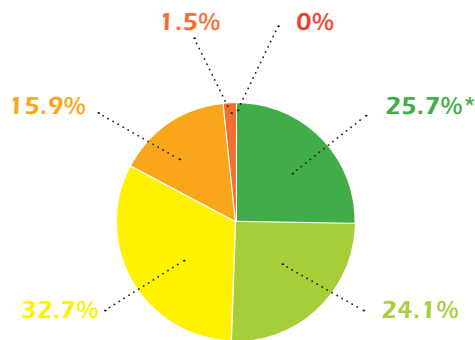
In the second half of 2007, flex-fuel versions of the Peugeot 307 and the Citroën C4 (1.6-liter BioFlex) were also introduced in France and Sweden.

Flex-fuel vehicles now account for more than 50% of petrol-powered cars invoiced to dealers in Latin America, and more than 70% in Brazil.

PSA PEUGEOT CITROËN REGISTRATIONS BY CO₂ EMISSIONS LEVEL

PSA Peugeot Citroën registrations by CO₂ emissions level

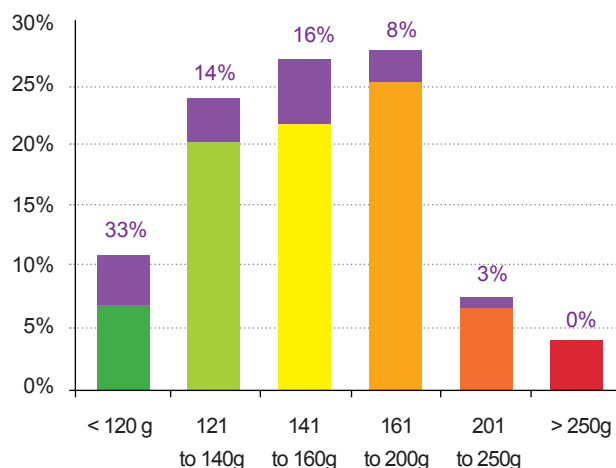
(2007 registrations in the 15-country Europe excluding Greece)



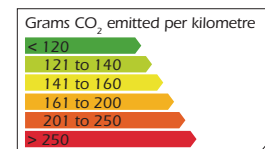
*Of which 10.9% emitting less than 110g CO₂/km

Breakdown of the European automobile market by CO₂ emissions level

(2007 registrations in the 15-country Europe excluding Greece)



Of which PSA Peugeot Citroën



A comparison of PSA Peugeot Citroën registrations and the total European market by range of CO₂ emissions in 2007 highlights the Group's contribution to reducing new vehicle emissions in Europe.

In 2007, for the second year in a row, PSA Peugeot Citroën sold one million vehicles emitting less than 140g CO₂ per kilometre in Europe, of which 750,000 emit less than 130g and 500,000 less than 120g.

This makes the Group the European leader in vehicles emitting less than 120g/km, with nearly 33% of the market in 2007, and in vehicles emitting less than 110g/km, with more than 55% of the market.

The small carbon footprint of Peugeot and Citroën models means that in terms of corporate average emissions, 49.85% of Group vehicles sold in Europe in 2007 emit less than 140g CO₂ per kilometre, with the figure rising to 58.25% in France.

☞ 2007 priority action: "Continue introducing fuel-efficient vehicles," in a commitment to selling 1.7 million vehicles emitting less than 120g CO₂ per kilometre worldwide from 2007 to 2010.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ One of the ten sustainable development objectives for 2010 is to sell two million vehicles emitting less than 120g CO₂ per kilometre from 2007 to 2010

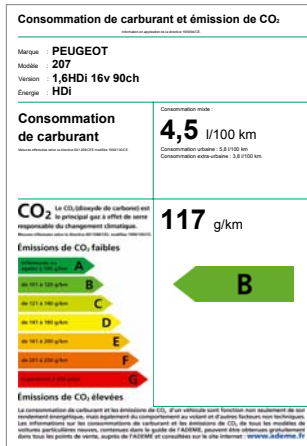
PRODUCTS /// Greenhouse effect

PSA Peugeot Citroën registrations by CO₂ emissions level

Methodology

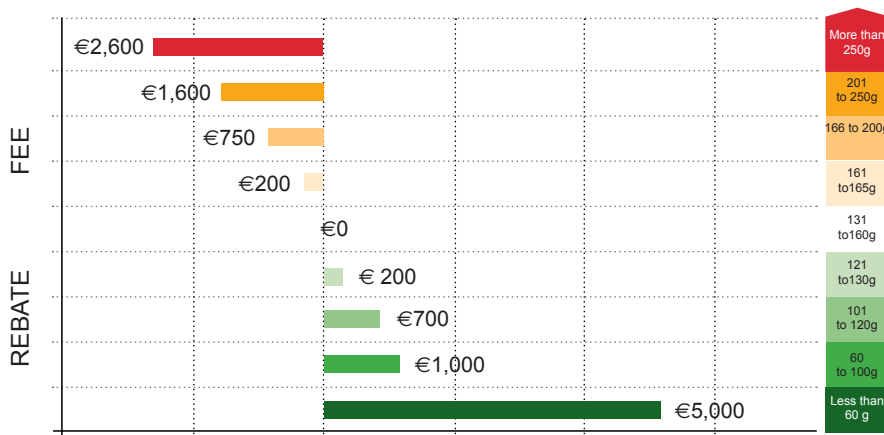
Classifying vehicles by CO₂ emissions level

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.



Tax incentives to purchase low-emissions vehicles.

On 1 January 2008, the French government introduced a feebate scheme based on a car's CO₂ emissions, whereby low-emission vehicles will receive a rebate and high-emission cars will be assessed a fee.



FUEL EFFICIENCY AND CO₂ EMISSIONS

Fuel consumption and CO₂ emissions by vehicle, 2007

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 and diesel version.

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

Peugeot (2007)

	Fuel	Displacement	Horsepower	Consumption			CO ₂
				City	Highway	Combined	
	P/D	(cc)	(kW)	(l/100 km)	(l/100 km)	(l/100 km)	(g/km)
Peugeot 107							
1.0 BVM/BVMP	P	998	50	5.5	4.1	4.6	109
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	5.8	4.1	4.7	124
Peugeot 206 Saloon							
1.4	P	1,360	55	8.8	5.0	6.4	152
1.4 HDi	D	1,398	50	5.4	3.7	4.3	112
Peugeot 207 Saloon							
1.4	P	1,360	55	8.4	5.0	6.3	150
1.4 VTi	P	1,397	70	8.1	5.0	6.1	145
1.4 HDi	D	1,398	50	5.8	3.8	4.5	120
Peugeot 308							
1.4 VTi	P	1,397	70	9.0	5.2	6.5	155
1.6 VTi	P	1,560	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	6.0	3.9	4.7	125
Peugeot 407 Saloon							
1.8	P	1,749	92	10.5	6.0	7.7	181
1.6 HDi FAP	D	1,560	80	6.8	4.4	5.3	140
2.0 HDi BVM FAP	D	1,997	100	7.7	4.9	5.9	155
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	226
Peugeot 4007							
2.2 HDi FAP	D	2,179	115	9.5	5.9	7.2	191
Peugeot 607							
2.2	P	2,230	120	13.0	7.0	9.2	219
2.0 HDi BVM FAP	D	1,997	100	8.1	5.0	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	12.0	7.3	9.0	213
2.0 HDi	D	1,997	88	8.8	5.8	6.9	182
2.0 HDi FAP	D	1,997	100	9.0	6.0	7.1	188
Partner Combispac							
1.4	P	1,360	55	9.6	6.2	7.4	175
1.4 HDi	D	1,560	55	6.7	4.7	5.4	143
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
2.0 HDi	D	1,997	88	9.1	6.3	7.2	194

PRODUCTS /// Greenhouse effect

Fuel efficiency and CO₂ emissions

Citroën (2007)

	Fuel	Displacement	Horsepower	Consumption			CO ₂
				City	Highway	Combined	
	P/D	(cc)	(kW)	(l/100 km)	(l/100 km)	(l/100 km)	(g/km)
Citroën C1							
1.0i	P	998	50	5.5	4.1	4.6	109
HDi 55	D	1,398	40	5.3	3.4	4.1	109
Citroën C2							
1.1i	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							
1.4i 16V Stop&Start	P	1,360	65	6.9	4.9	5.7	135
1.4i	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							
1.4i	P	1,360	55	9.6	6.2	7.4	175
HDi 75	D	1,560	55	6.7	4.7	5.3	140
Citroën Xsara Picasso							
1.6i 16v	P	1,587	80	9.5	6.0	7.3	172
HDi 92	D	1,560	66	6.5	4.3	5.1	135
Citroën C4							
1.4i 16v	P	1,360	65	8.7	5.2	6.4	153
1.6i 16v	P	1,587	80	9.5	5.7	7.1	169
HDi 110 FAP	D	1,560	80	6.0	4.0	4.7	125
HDi 110 FAP BMP6	D	1,560	80	5.8	3.8	4.5	120
Citroën C4 Picasso							
1.8i 16v	P	1,749	92	11.3	6.1	8.0	190
HDi 110 FAP	D	1,560	80	7.3	5.1	5.9	155
HDi 110 FAP BMP6	D	1,560	80	6.8	5.1	5.7	150
Citroën C5							
1.8i 16v	P	1,749	92	10.4	5.9	7.6	177
2.0i 16v	P	1,997	103	11.1	6.3	8.0	190
HDi 110 FAP	D	1,560	80	6.8	4.5	5.4	139
Citroën C6							
3.0i V6	P	2,946	155	16.3	8.2	11.2	266
V6 HDi 208 FAP	D	2,720	150	12.0	6.8	8.7	230
HDi 173 FAP	D	2,179	125	8.7	5.4	6.6	175
Citroën C8							
2.0i 16v	P	1,997	103	12.0	7.3	9.0	213
HDi 120 AM6/ML6	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

Methodology

Calculating CO₂ emissions

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.

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.

Vehicles sold by PSA Peugeot Citroën meet and often exceed standards ruling in each local market.

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

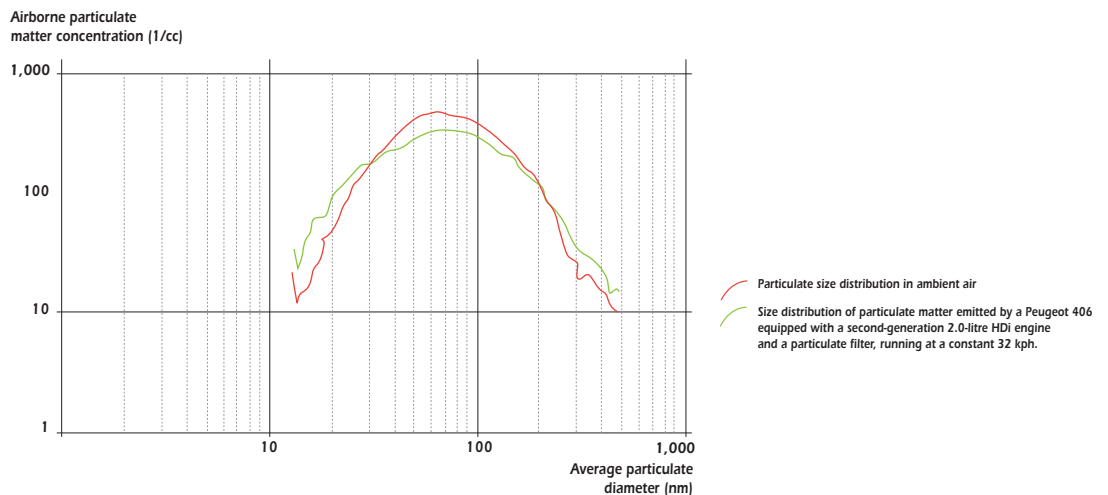
Together, these new standards will demand a sharp reduction in the maximum admissible levels of particulate matter and NOx emissions.

■ Eliminating particulate emissions with the particulate filter

The environmental performance of diesel engines has been further enhanced by the particulate filter, which eliminates emissions of particulate matter. Widely promoted by PSA Peugeot Citroën, this after-treatment system is playing an important role in improving the quality of air in urban environments.

The particulate filter has been highly popular since it was introduced in May 2000, and by the end of 2007, it had already been installed on more than 2.3 million Peugeot and Citroën vehicles. Nearly 35% of the Peugeot and Citroën diesels sold that year were equipped with a particulate filter, a sharp increase from prior years.

It is now available on the Peugeot 1007, 207, 307, 308, 407, 607 and 807 and the Citroën C3, C4, C4 Picasso, Xsara Picasso, C5, C6 and C8. It will be extended to all other models in the medium-term future.



PSA Peugeot Citroën sells diesel vehicles equipped with a diesel particulate filter (DPF) system that reduces particulate emissions to near-zero levels.

In fact, the DPF filters out close to 100% of even the smallest particulate matter. This technological advance means that the diesel can offer not only its intrinsic fuel efficiency and lower CO₂ emissions, but also substantial reductions in other harmful emissions. 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 fiscal incentives for diesel cars restrict particulate emissions to less than 5mg/km, corresponding to Euro V and Euro VI standards.

■ 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

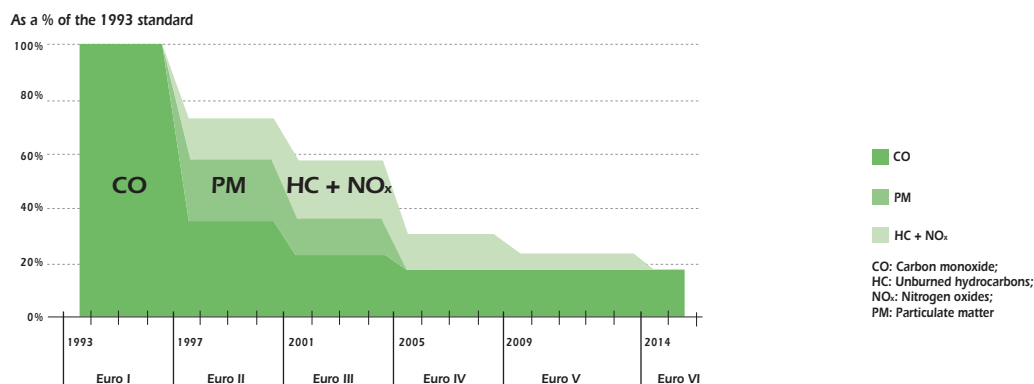
Exhaust emissions		
	Petrol vehicle* - CNG - LPG (g/km)	Diesel vehicle (g/km)
CO	1.00	0.50
Non-methane HC	0.068	-
THC	0.10	-
NOx	0.06	0.08
THC + NOx		0.17
Particulate matter*	0.0045**	0.0045**
Durability (km)	160,000	160,000
Evaporation emissions		
	Petrol vehicle - CNG - LPG (g/test cycle)	Diesel vehicle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

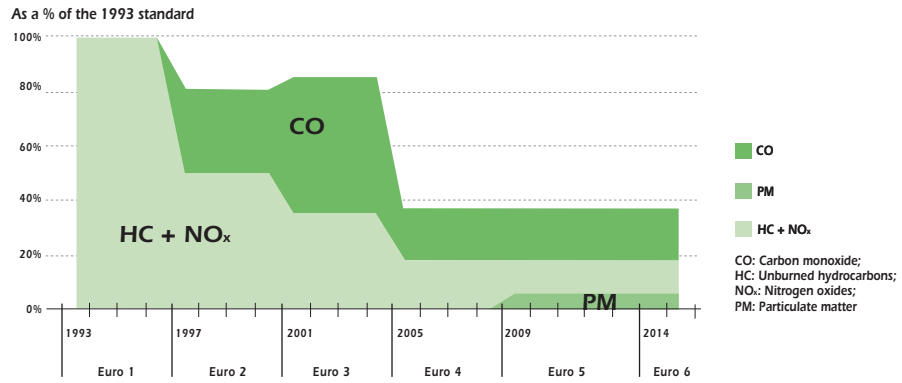
■ Diesel-engine emission standards for passenger cars since 1993



Cars equipped with the diesel particulate filter already comply with Euro V and Euro VI particulate matter standards. In addition to the particulate filter, the Peugeot and Citroën line-ups have also 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 for passenger cars since 1993



Advances in petrol engine technology have been led by making three-way catalytic converters more efficient, mainly by enabling them to reach operating temperatures more quickly.

■ 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.

ECO-DESIGN

■ Green materials

PSA Peugeot Citroën is actively committed to increasing the proportion of green materials, such as recycled organic materials, natural materials, polymers not coming from the petrochemical sector, in its vehicles by 2015.

The Group is leading a large number of scientific partnerships to spur faster development of renewable plastics and is already involved in expanding their use in automobiles.

☞ 2007 priority action: "Increase the percentage of recycled materials in Group vehicles," in a commitment to enhancing the Group's technical capabilities in materials and cost-effectively integrating them into new vehicles.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ The use of green materials (recycled organic materials, natural materials, polymers not coming from the petrochemical sector) is one of the priority actions for 2008.

☞ PSA Peugeot Citroën is committed to substantially increasing green material content, to 20% of vehicle polymers in 2011.

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 decontamination of end-of-life vehicles (ELV) and encourage the development of recovery and recycling facilities. Other recyclability techniques include marking plastic parts and elastomers for traceability, using easily recyclable materials, reducing the variety of materials to facilitate sorting after shredding, and using recycled materials in new vehicles.


This approach will enable the Group to comply with the requirement that, beginning in 2008, a new car must be 95% recyclable to be homologated in the EU. French testing laboratory UTAC has certified that PSA Peugeot Citroën has successfully passed preliminary studies attesting to the Group's ability to implement the processes needed to meet this requirement.

Materials used to make cars have to meet increasingly stringent criteria, of which the most recent include:

- Reducing the variety of plastics in a car, to 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 reclaimed and recycled materials. PSA Peugeot Citroën is committed to incorporating a greater proportion of these materials into new cars, providing such reuse is cost effective and technically feasible.
- Eliminating four heavy metals (lead, cadmium, chromium and mercury) from every model introduced since 1 July 2003. This initiative, which avoids passing on toxic metals further downstream, is being carried out jointly with suppliers.

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.

At least 95% of the average weight of new Peugeot and Citroën vehicles is reusable and recoverable, according to prevailing ISO standards and the Group's own calculations.

 A diagram illustrating the Group's eco-design programs may be found on page 45 of the Sustainable Development and Annual Report.

NOISE EMISSIONS

■ Vehicle noise levels

The following tables show noise levels for the best-selling petrol or diesel versions.

Peugeot (2007)

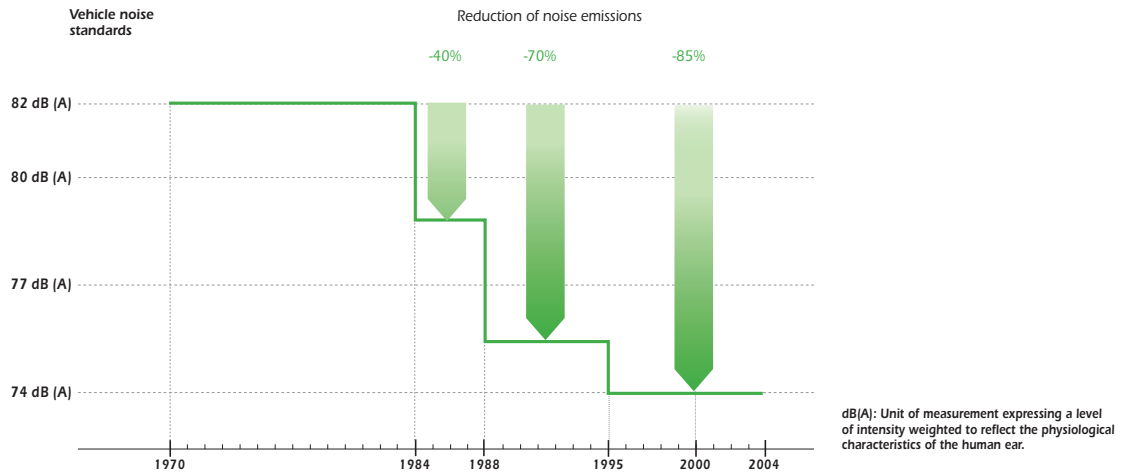
	Fuel	Noise
	P/D	dB(A)
Peugeot 107		
1.0 BVM/BVMP	P	70/72
1.4 HDi	D	71.2
Peugeot 1007		
1.4 BVM	P	73.2
1.4 HDi	D	73.7
Peugeot 206 Saloon		
1.4	P	73.3
1.4 HDi	D	70.9
Peugeot 207 Saloon		
1.4	P	73.6
1.4 HDi	D	72.4
Peugeot 308		
1.6 VTi	P	73.9
1.6 HDi FAP	D	73.8
Peugeot 407 Saloon		
1.8	P	72.7
2.0 HDi BVM FAP	D	74.3
Peugeot 407 Coupé		
2.2 BVM	P	74
2.7 HDi BVA	D	71.6
Peugeot 4007		
2.2 HDi FAP	D	74.9
Peugeot 607		
2.2	P	73.9
2.7 HDi BVA FAP	D	72.0
Peugeot 807		
2.0 BVM	P	72.4
2.0 HDi FAP	D	73.3
Partner Combispace		
1.4	P	72.4
1.6 HDi	D	73.7
Expert Tepee		
2.0	P	73.3
2.0 HDi	D	74.9

Citroën (2007)

	Fuel	Noise
	P/D	dB(A)
Citroën C1		
1.0i	P	70/72
HDi 55	D	71.2
Citroën C2		
1.1i	P	72.9
HDi 70	D	73.8
Citroën C3		
1.4i	P	73.8
HDi 70	D	72.9
Citroën Berlingo		
1.4i	P	72.4
HDi 75	D	72.1
Citroën Xsara Picasso		
1.6i 16v	P	71.9
HDi 92	D	73.7
Citroën C4		
1.6i 16v	P	73.1
HDi 110 FAP	D	72.6
Citroën C4 Picasso		
1.8i 16v	P	73.4
HDi 110 FAP	D	74.2
Citroën C5		
2.0i 16v	P	71.2
HDi 110 FAP	D	73.2
Citroën C6		
3.0i V6	P	72.2
V6 HDi 208 FAP	D	70.2
Citroën C8		
2.0i 16v	P	72.4
HDi 120 AM6/ML6	D	72.4/75
Citroën C-Crosser		
HDi 160 FAP	D	74.9

VEHICLE NOISE STANDARDS

■ European vehicle noise standards



■ 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.

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.

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. ESP technology continued to be extended in 2007 and is now standard on all mid-sized and upper-range Peugeot and Citroën vehicles. In addition, certain models come with such efficient, practical innovations as Xenon dual-function directional headlights or the Group's exclusive lane departure warning system, which alerts an inattentive driver by causing the seat to vibrate on the side the lane was crossed.

■ 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.

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.

Vehicle occupants have to enjoy maximum protection, regardless of their age or where they are seated. 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. 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. In particular, they provide better protection for elderly persons involved in serious accidents.

Accidentology data show that even today, nearly 15% of accident fatalities involve people who were not wearing seatbelts. Any means of encouraging people to fasten their seatbelts therefore leads to a real increase in safety. 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, 12 Peugeot and Citroën models have been awarded the maximum five stars, ranking the Group among the world's best in secondary safety. The Citroën C4 Picasso earned the five-star rating in 2006, and the Peugeot 207 CC and Peugeot 308 in 2007.

Model	Year launched	Year tested	Adult Occupant Rating	Pedestrian Test Rating	Child Protection Rating
New 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	*****	****	*****
Coupé 407 Peugeot	2005	2005	*****	**	*****
Citroën C1	2005	2005	****	**	*****
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/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

Thanks to its new active hood, which lifts up upon collision to cushion the impact of the pedestrian's head, the Citroën C6 was the first car in Europe to earn a record four stars in Euro NCAP pedestrian protection tests. In 2006, the Peugeot 207 became the Group's first car to be certified in compliance with the European directive on pedestrian protection.

TERTIARY SAFETY

■ Emergency call system

The emergency call system is continuing to be deployed across the model lineup. In the event of a medical emergency or other threatening incident 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. An operator then establishes contact with the car and, if necessary, alerts the emergency services. Thanks to the car's GPS system and onboard GSM mobile phone, assistance personnel can pinpoint the car's location, even if the driver is unconscious. The system shortens response times, thereby considerably enhancing the effectiveness of emergency services. 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 2005*	Total in 2006*	Total in 2007*
Peugeot and Citroën vehicles equipped with the Premium emergency call system**	212,140	321,820	433,390
Alerts sent to emergency services	570	1,090	1,840
Countries in which the Premium emergency call service is available	France, Germany, Italy, Belgium, Luxembourg and Spain	France, Germany, Italy, Belgium, Luxembourg, Spain and the Netherlands	France, Germany, Italy, Belgium, Luxembourg, Spain, the Netherlands, Portugal and Austria

As of 31 December 2007, there were 110,000 additional Peugeot and Citroën vehicles equipped with the standard emergency call system (based on 112, the European emergency number) in European countries where the Premium service is not available. In all, more than 540,000 Peugeot and Citroën vehicles equipped with the emergency call system were on the road in Europe.

* 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 2007, more than 430,000 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 540,000 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.

🔗 2007 priority action: "Promote the emergency call system as a new source of traffic information," in a commitment to using emergency call events to enhance the Group's traffic information system developed with ViaMichelin.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

🔗 Deploying telematics services to improve passenger safety is one of the ten sustainable development objectives for 2010.

QUALITY

PSA Peugeot Citroën's quality performance is good and the quality of its vehicles has improved. In 2007, stricter inspection procedures helped to reduce the number of factory defects by two-thirds, while the frequency of warranty repairs and assistance has declined by 30% in Europe since mid-2006. In customer service, both brands are making steady progress in the purchase/delivery experience and in maintenance/repair services.

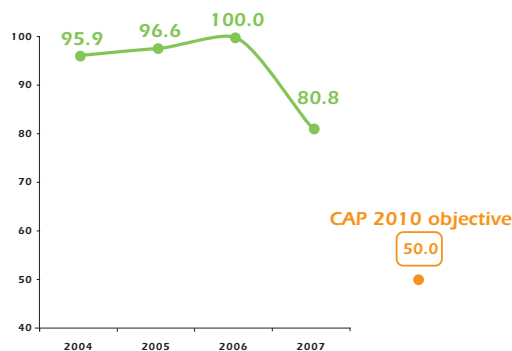
Customer quality: frequency of warranty repair and assistance incidents

(8-country Europe, base 100)



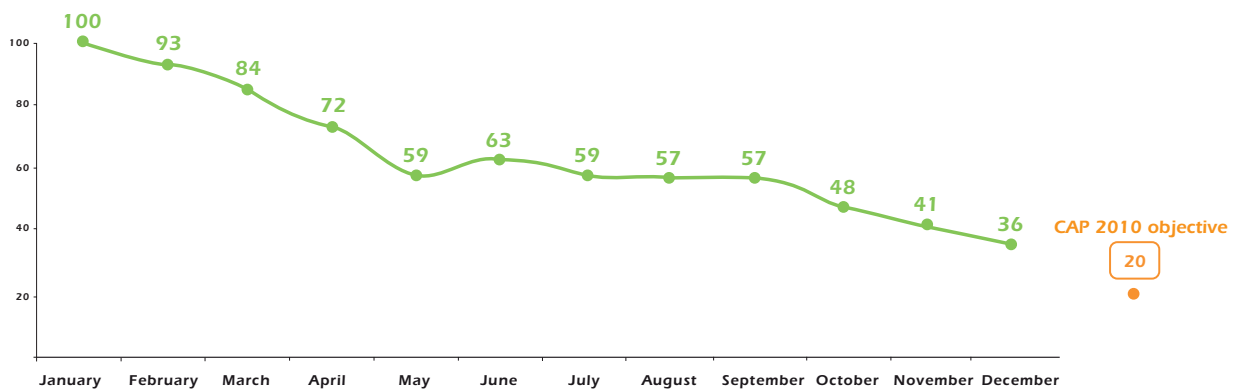
Customer quality: warranty costs

(8-country Europe, base 100)



Production quality: number of factory defects per vehicle

(Base 100, 2007 in Europe)



COMPLIANCE WITH HEALTH, SAFETY AND CUSTOMER PRIVACY STANDARDS

■ Non-compliance with regulations concerning customer health and safety

All vehicles homologated in 2007 were certified as fully compliant with regulations concerning consumer health and safety.

■ Non-compliance with regulations concerning customer privacy (personal data protection legislation)

In 2007, Automobiles Citroën was fined €3,000 by the Spanish Data Protection Authority for a breach of data security in a stored customer file.

ADVERTISING, COMMUNICATION AND CONSUMER INFORMATION

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

In 2007, seven incidents of non-compliance with regulations concerning advertising, marketing, consumer information or product labeling were reported by sales subsidiaries in six countries – Germany, Italy, Russia and Brazil for Peugeot, and Italy, the United Kingdom and Argentina for Citroën.

Three of these incidents resulted in fines. In Italy, the Peugeot subsidiary was fined for false advertising and is considering an appeal, while the Citroën subsidiary was fined for misleading advertising. Peugeot Citroën Argentina was fined \$15,000 for incidents occurring at the 2006 Salon del Automobile; an appeal is now underway.

In addition, Citroën's UK subsidiary has changed an advertisement following a warning from the Advertising Standards Authority and PCA do Brasil has suspended an advertisement at the request of Brazilian authorities.

■ Labelling and consumer information

To improve carbuyer 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. The carbon ratings, from A to G, are based on the model's CO₂ emissions per kilometre.

In September 2007, Peugeot and Citroën introduced new eco-labels for their environmentally friendly cars.

☞ Peugeot's "Blue Lion" system is described on page 61 of the Sustainable Development and Annual Report.

☞ Citroën's "Airdream" eco-label is described on page 63 of the Sustainable Development and Annual Report.

■ Responsible Communications Charter

In November 2007, PSA Peugeot Citroën signed the Responsible Communications Charter published by France's Union des Annonceurs (UDA).

During the year, a Group responsible communications charter was developed by a responsible communications working group, jointly led by the two brands and comprising representatives from the Sustainable Development Department, Corporate Communication, Customer Relations and Legal Affairs departments, as well as from the two brands' Marketing and Advertising Departments.

It defines social responsibility standards for any advertising produced by the Group, the brands, regional offices or dealer networks, regardless of target audience, media or country.

Distributed in early 2008, the charter will be deployed throughout the year, supported by awareness building programs.

Its application will be tracked by the Sustainable Development Department, which will consult with stakeholders once a year.

☞ 2007 priority action: "Enhance the expression of sustainable development values in consumer advertising campaigns," in a commitment to defining social responsibility standards for Group advertising.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ The creation of a stakeholder panel is one of the 2008 priority actions.

☞ The organisation of stakeholder dialogue sessions is one of the ten sustainable development objectives for 2010.

☞ The Group responsible communications charter:
[Sustainable development website](#) /// [Publications](#)

07

2007 Sustainable
Development Indicators

ENVIRONMENT



Methodology

The following environmental indicators comply with French decree no. 2002-221 of 20 February 2002.

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 72%-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.

Note that certain 2005 and 2006 results have been restated to reflect more detailed data reported after the registration documents were published. The restatements have been explained each time the difference with last year's published figure exceeded 1%.

Scope of reporting

Peugeot Citroën Automobile (PCA) has extended its scope of reporting to five sites: Belchamp, Carrières and Hérimoncourt since 2005 and Trnava and La Ferté-Vidame since 2006.

In addition, three PCI sites were transferred to PCA in 2007. Meudon was integrated with Vélizy, while operations at Rheu and Étupes were transferred, respectively to the Rennes and Sochaux production centres. 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.

PCA (28 sites)	France	Asnières	La Garenne	Sept-Fons	
		Aulnay	Melun-Sénart	Saint-Ouen	
		Belchamp	Meudon	Sochaux	
		Caen	Metz	Trémery	
		Carrières-sous-Poissy	Mulhouse	Valenciennes	
		Charleville	Poissy	Vélizy	
		Hérimoncourt	Rennes	Vesoul	
		La Ferté Vidame			
		Argentina	Buenos Aires		
		Brazil	Porto Real		
		Spain	Madrid	Vigo	
		Portugal	Mangualde		
		Slovakia	Trnava		
PCI (1 site)	France	St-Etienne			
PMTC (2 sites)	France	Dannemarie	Mandeure		
The brands (40 subsidiaries)	Citroën (24 subsidiaries)	Argentina	Germany	Portugal	
		Austria	Hungary	Romania	
		Belgium	Italy	Slovakia	
		Brazil	Japan	Slovenia	
		Croatia	Luxembourg	Spain	
		Czech Republic	Netherlands	Sweden	
		Denmark	Norway	Switzerland	
		France	Poland	United Kingdom	
	Peugeot (16 subsidiaries)	Austria	Hungary	Slovenia	
		Belgium	Italy	Spain	
		Croatia	Netherlands	Switzerland	
		Czech Republic	Poland	United Kingdom	
		France	Portugal		
		Germany	Slovakia		
		Argentina	Hungary	Russia	
		Austria	Italy	Slovakia	
Belgium	Morocco	Spain			
Brazil	Netherlands	Switzerland			
Czech Republic	Poland	Turkey			
France	Portugal	United Kingdom			
Germany	Romania				

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

■ Managing the Group's industrial environment

For many years, PSA Peugeot Citroën has been engaged in assertive environmental stewardship at its production facilities. To support this commitment, 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 significant funding and an effective reporting system known as the Industrial Environment Observatory, created in 1989 and completely rebuilt in 2007. Deployed worldwide, this process efficiently manages the most significant environmental aspects of the Group's operations.

📄 2007 priority action: "Modernise the environmental reporting system to align it with the Group's improvement needs," in a commitment to substantially enhancing the performance of the environmental indicators of the Group's worldwide manufacturing and sales operations and making the system more interactive and transparent.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

In 2007, around 500 people were involved in managing the Group's industrial environment.

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.

As part of the ISO 14001 process, every employee receives training in environmental skills or awareness tailored to his or her job and business.

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. In 2007, for example, the La Garenne technical centre and the Vesoul replacement parts facility were both certified. At year-end, the Trnava plant, which came on stream in 2006, also earned certification, so that today all of the Group's production facilities are ISO 14001-certified.

📄 2007 priority action: "Extend ISO 14001 standards to improve assessment of the Group's environmental footprint," in a commitment to more effectively identifying and ranking the environmental impacts of the Group's operations and driving improvements at all of the production plants.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

■ ISO 14001-certification timetable for the production plants' environmental management systems

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

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

NB: Four other major production facilities operated through joint ventures and not included in PCA data have been certified since 2000: Française de Mécanique and Sevelnord in France, and Wuhan and Xiangfan in China.

■ Faurecia

Faurecia is continuing to gradually deploy ISO 14001-compliant environmental management systems in all its plants, with 99 units certified to date, versus 50 in 2003 and 17 in 2000. The company is committed to earning certification by the end of 2009 for all of its production units employing more than 50 people.

Nearly 13,000 people received training in environmental-related topics in 2007. The increase in the number of ISO 14001 certified plants and the deeper employee involvement have helped to improve risk management and reduce the environmental impact of industrial operations.

■ Gefco

All of Gefco's profit centres are ISO 9001:2000-certified.

Following Argentina in 2007, four other country organisations – France, Spain, Germany and Slovakia – have initiated an ISO 14001 certification process, which will be gradually extended to all of the subsidiaries.

Since 2005, Gefco has been working with the Afilog association to prepare a dedicated Sustainable Development Charter for logistics buildings, so that all of its new facilities can earn NF-HQE environmental certification in 2008. The Charter's main action points are intended to attenuate the environmental and visual impact of logistics buildings, reduce energy use and CO₂ emissions, and use recycled and recyclable materials.

DIRECT ENERGY CONSUMPTION

■ Direct energy consumption by primary energy source

(Worldwide)

		Unit: MWh ncv						
		HSFO	LSFO	VLSFO	HHO	NG + LPG	Coal	Coke
PCA	2007	-	-	50,990	14,717	2,411,317	-	117,188
	2006	-	-	109,989	18,090	2,521,538	24,909	119,801
	2005	-	-	177,200	19,017	2,696,851	26,354	119,475
AP/AC	2007	-	-	562	36,100	168,617	-	-
	2006	-	-	-	-	-	-	-
	2005	-	-	-	-	-	-	-
PCI	2007	-	-	-	-	3,834	-	-
	2006	-	-	-	-	15,665	-	-
	2005	-	-	-	-	17,679	-	-
PMTC	2007	-	-	-	2	24,214	-	-
	2006	-	-	-	2	30,605	-	-
	2005	-	-	-	49	21,511	-	-
Gefco	2007	-	-	-	18,386	41,954	-	-
	2006	-	-	-	24,252	50,315	-	-
	2005	-	-	-	25,987	40,702	-	-
Total	2007	0	0	51,552	69,205	2,649,936	0	117,188
	2006	0	0	109,989	42,344	2,618,123	24,909	119,801
	2005	0	0	177,200	45,053	2,776,743	26,354	119,475
Faurecia	2007	12	85	983	9,363	650,865	-	-
	2006	4	118	1,113	12,083	641,829	-	-
	2005	5,755	5,170	8,020	13,895	769,547	-	-

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

■ Direct energy consumption by secondary energy source
(Worldwide)

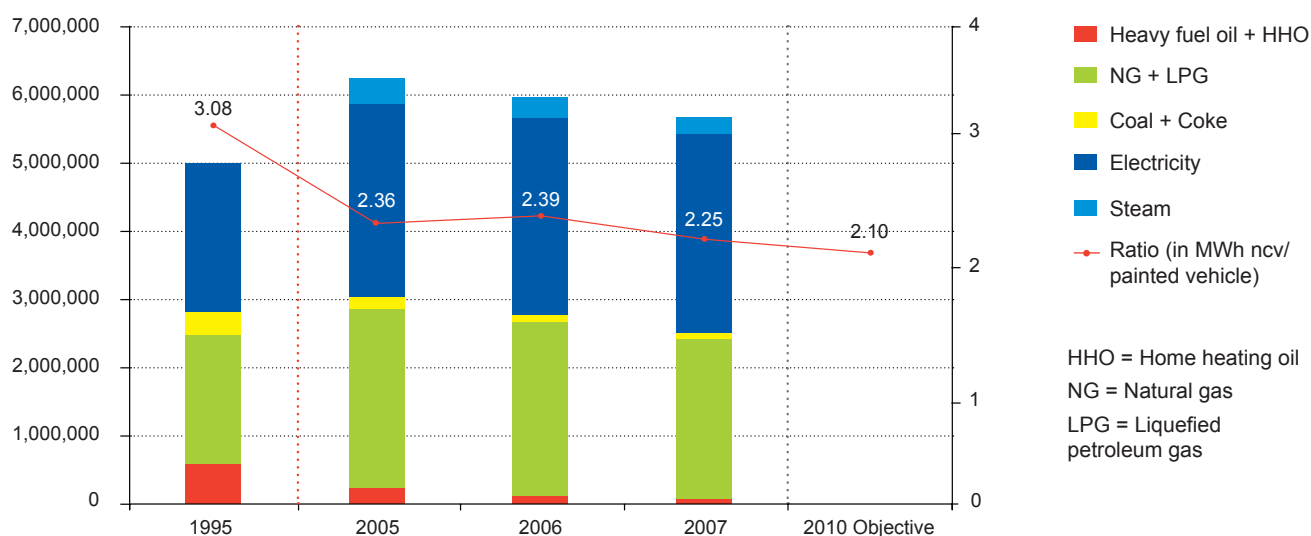
		Unit: MWh	
		Electricity	Steam
PCA	2007	2,801,453	321,162
	2006	2,825,163	332,686
	2005	2,875,489	319,266
AP/AC	2007	163,752	9,007
	2006	-	-
	2005	-	-
PCI	2007	2,138	-
	2006	13,574	-
	2005	15,474	-
PMTC	2007	16,155	-
	2006	17,392	-
	2005	16,236	6,593
Gefco	2007	49,289	-
	2006	52,872	-
	2005	54,030	-
Total	2007	3,032,787	330,169
	2006	2,909,001	332,686
	2005	2,961,229	325,859
Faurecia	2007	1,080,257	22,151
	2006	1,012,545	34,108
	2005	1,000,613	27,248

PMTC Mandeuré has not purchased any steam since the new heating plant came on line in late 2005.

■ Energy consumption, 1995-2007
(PCA)

Energy consumption (in MWh ncv)

Ratio (in MWh ncv/painted vehicle)



Energy use rose sharply from 1995 to 2005, reflecting:


- The increase in PCAs automobile output.
- The production of engines for other carmakers.
- The increased use of water-based paints, which reduce VOC emissions but require more electricity in the drying phase.
- The increase in the scope of reporting.

However, sustained implementation of energy management policies helped to slow the upward trend, then reduce consumption in more recent years. The main programs undertaken as part of this process were designed to:

- Upgrade the oldest heating plants to replace coal or oil-fired boilers with natural gas units.
- Develop combined heat and power plants (cogeneration) in partnership with professionals.
- Deploy energy savings programs in every plant, in order to build employee awareness, install metering and automated systems and share best practices.

Based on these programs, the Group is committed to reducing energy consumption to 2.10 MWh ncv per vehicle produced in 2010.

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

 2007 priority action: "Reduce the energy used in vehicle manufacturing operations," in a commitment to reducing the energy used in the consolidated scope of reporting to 2.10 MWh ncv per vehicle produced in 2010.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

■ Methodology

Calculating energy consumption

Energy indicators are expressed in the same unit of measurement (MWh ncv) by applying officially recognized 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 metre readings for energy delivered to each PCA site.

Data from the Citroën and Peugeot brands concern 96% of their sites.

Gefco data is reported from 74% of sites using natural gas, 90% of sites using electricity (87% in 2006) and almost 100% of sites using home heating oil and LPG. Most of the sites not included in the scope of reporting are leased facilities, where consumption figures are included in rental expense and were therefore unavailable for reporting.

All of Faurecia's sites reported data in 2007. To provide equivalent 100% comparatives, historic data have been adjusted for their response rate (88% in 2005 and 97% in 2006, based on the number of employees covered).

DIRECT GREENHOUSE GAS EMISSIONS

■ Direct greenhouse gas emissions by weight

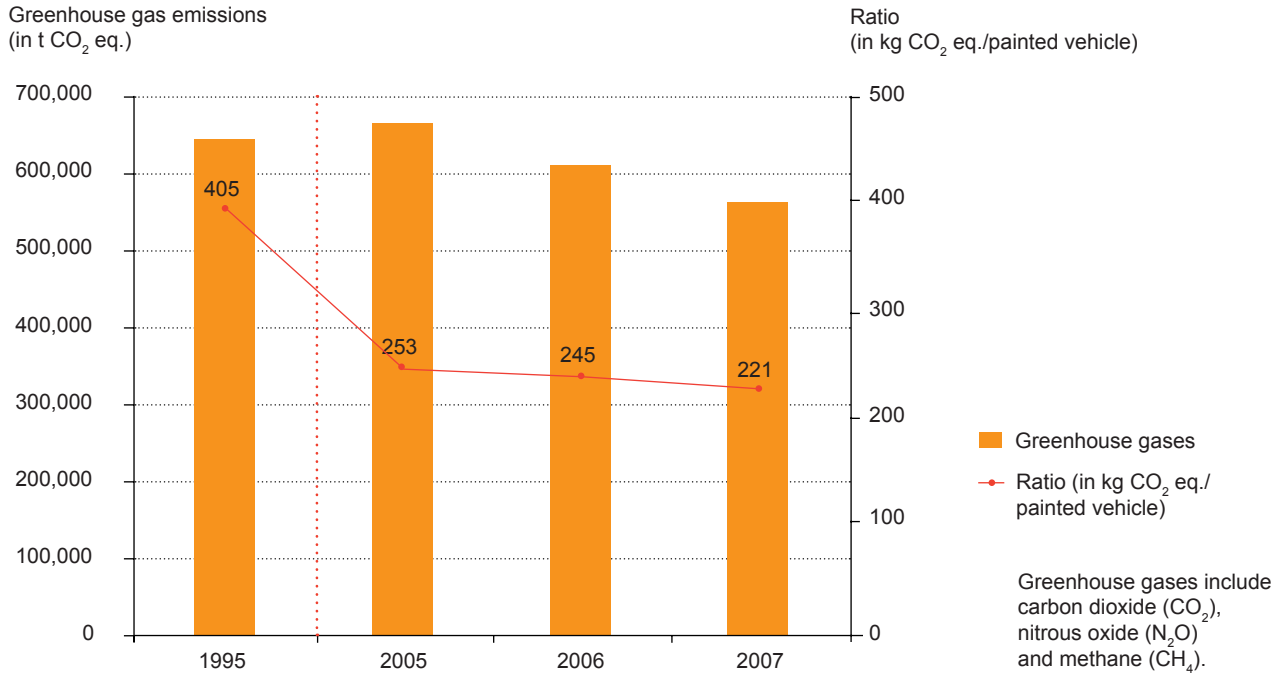
(Worldwide)

		Unit: tonnes			
		CO ₂	N ₂ O	CH ₄	Total CO ₂ equivalent
PCA	2007	552,629	22.1	35.2	560,220
	2006	602,106	23.8	38.8	610,285
	2005	657,543	25.8	42.2	666,419
AP/AC	2007	44,483	1.7	2.6	45,069
	2006	-	-	-	-
	2005	-	-	-	-
PCI	2007	788	0.0	0.1	800
	2006	3,220	0.1	0.2	3,268
	2005	3,634	0.2	0.3	3,689
PMTC	2007	4,978	0.2	0.4	5,053
	2006	6,291	0.3	0.4	6,386
	2005	4,435	0.2	0.3	4,502
Gefco	2007	13,591	0.5	0.7	13,755
	2006	16,740	0.6	0.9	16,938
	2005	15,248	0.5	0.7	15,421
Total	2007	616,469	24.5	39.0	624,896
	2006	628,357	24.8	40.4	636,878
	2005	680,860	26.6	43.5	690,031
Faurecia	2007	136,922	5.9	9.4	138,955
	2006	135,538	5.9	9.3	137,548
	2005	167,730	7.1	11.4	170,170

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

■ Direct greenhouse gas emissions, 1995-2007

(PCA)



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, 95% of the Group's greenhouse gases are emitted in Europe and 5% in the rest of the world.

■ Methodology

Calculating 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.

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).

The response rates from the brands, Gefco and Faurecia correspond to the rates given in the energy consumption section.

■ CO₂ emission allowances

Procedures for transposing European Union Directive 2003/87/EC of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading for the period from 2005 to 2007 have led to the recognition of emissions from the following PCA units that produce CO₂ from combustion installations with a rated thermal input exceeding 20 MW:

- 7 units in France (Sochaux, Mulhouse, Rennes, Poissy, Vesoul, La Garenne and Vélizy).
- 1 unit in Ryton, UK, until operations were terminated in 2006.
- 2 units in Spain (Madrid and Vigo), beginning in 2006.

For the 2005-2007 National Allocation Plan, allowances were allocated on the basis of historical emissions data (1996 to 2002 in France).

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

Upgrades to the eligible installations meant that the Group did not use its full allowance and was able to trade 100,000 tonnes of carbon equivalent.

For the second period, from 2008 to 2012, the scheme will concern eight installations, two fewer than in the first period due to the closure of the Ryton plant since 2006 and the upgrades to the main heating plant in La Garenne, which reduced its rated input to less than 20 MW.

For the 2008-2012 National Allocation Plan, changes in the allowance allocation procedure will reduce the annual allocation to Group sites by 21% in France and increase it by 12% in Spain.

Annual emissions will continue to be verified by the same process, updated to reflect the latest EU decisions.

INDIRECT GREENHOUSE GAS EMISSIONS

■ Fuel consumption and CO₂ emissions in logistics operations

	2007			2006			% Chg	No. of lorries		% Chg
	cu.m	L	CO ₂	cu.m	L	CO ₂		2007	2006	
Argentina	1,222	1,222,000	3,250,520	850	850,000	2,261,000	+44%	46	24	+92%
Benelux	2,093	2,093,000	5,567,380	1,896	1,896,000	5,043,360	+10%	57	59	-3%
France		16,967,988	45,134,848	17,468	17,468,000	46,464,880	-3%	620	664	-7%
Switzerland	311	311,000	827,260	420	420,420	1,118,317	-26%	10	12	-17%
United Kingdom	2,341	2,341,000	6,227,060	2,525	2,524,830	6,716,048	-7%	67	67	0%
Russia	372	372,000	989,520	-	-	-		7	-	-
Total			61,996,588			61,603,605	1%	807	826	-2%

Gefco's proprietary fleet increased sharply during the year in Argentina, but declined in France, as the company continued its strategy of reducing and renewing the lorry base.

The total proportion of freight carried by alternative modes to road transport remained at 25% in 2007, versus an average 17% for the European industry as a whole.

■ Methodology

Calculating CO₂ emissions

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

NO₂, SO₂ AND VOC EMISSIONS

■ Direct SO₂ and NO₂ emissions by business

(Worldwide)

		Unit: tonnes	
		SO ₂	NO ₂
PCA	2007	101.7	557.3
	2006	304.8	636.4
	2005	424.2	716.8
AP/AC	2007	13.7	49.8
	2006	-	-
	2005	-	-
PCI	2007	0.0	0.8
	2006	0.0	3.4
	2005	0.0	3.8
PMTC	2007	0.1	5.2
	2006	0.1	6.6
	2005	0.1	4.7
Gefco	2007	6.4	15.7
	2006	8.4	19.6
	2005	9.0	18.2
Total	2007	121.9	628.8
	2006	313.3	666.0
	2005	433.3	743.4
Faurecia	2007	8.3	144.6
	2006	7.9	143.7
	2005	83.2	182.8

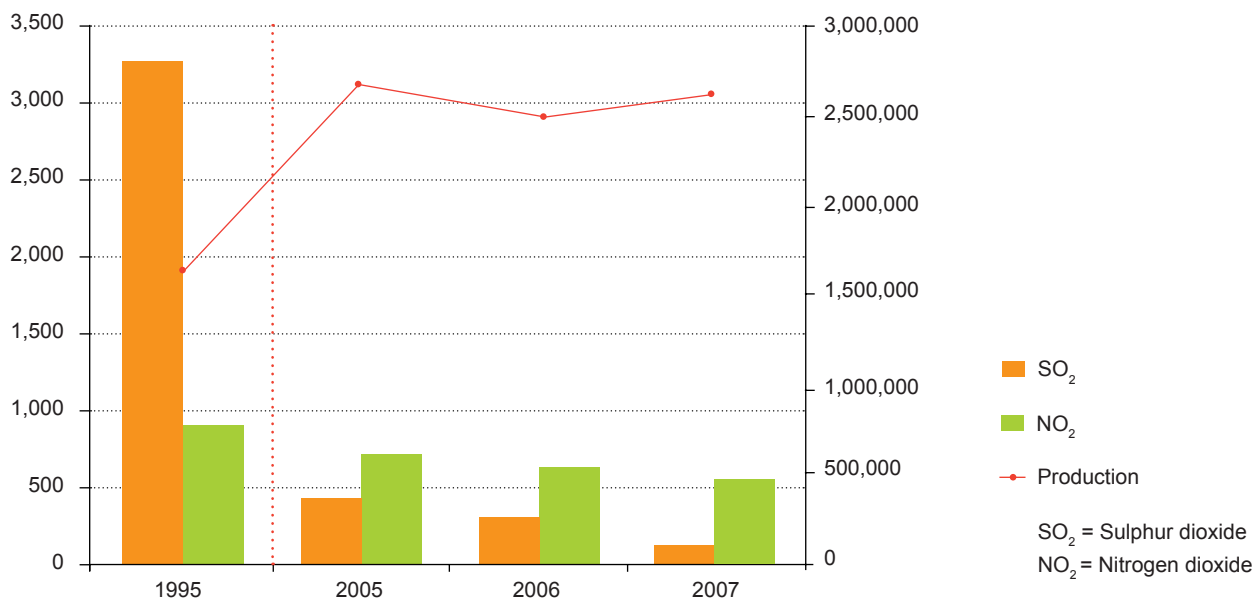
SO₂ = Sulphur dioxide; NO₂ = Nitrogen dioxide

■ Direct SO₂ and NO₂ emissions, 1995-2007

(PCA)

SO₂/NO₂ emissions
 (in tonnes/year)

Production
 (in number of painted vehicles)



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, 38% and 97% over the period. These improvements have helped to improve air quality on Group sites, while enabling the Group to meet the 2007 target of 450 tonnes of SO₂ one year early, in 2006.

The Rennes and Sochaux plants, which account for more than 90% of the Group's total fuel oil consumption, are planning to phase out its use in the near future, 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 stabilize 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.

The response rates from the brands, Gefco and Faurecia correspond to the rates given in the energy consumption section.

■ Paintshop VOC releases by business

		VOC (tonnes)	Ratio (in kg/vehicle produced)
PCA	2007	11,136	4.39
	2006	12,128	4.88
	2005	12,998	4.93
PMTC	2007	101	-
	2006	89	-
	2005	97	-
Total	2007	11,237	-
	2006	12,217	-
	2005	13,095	-

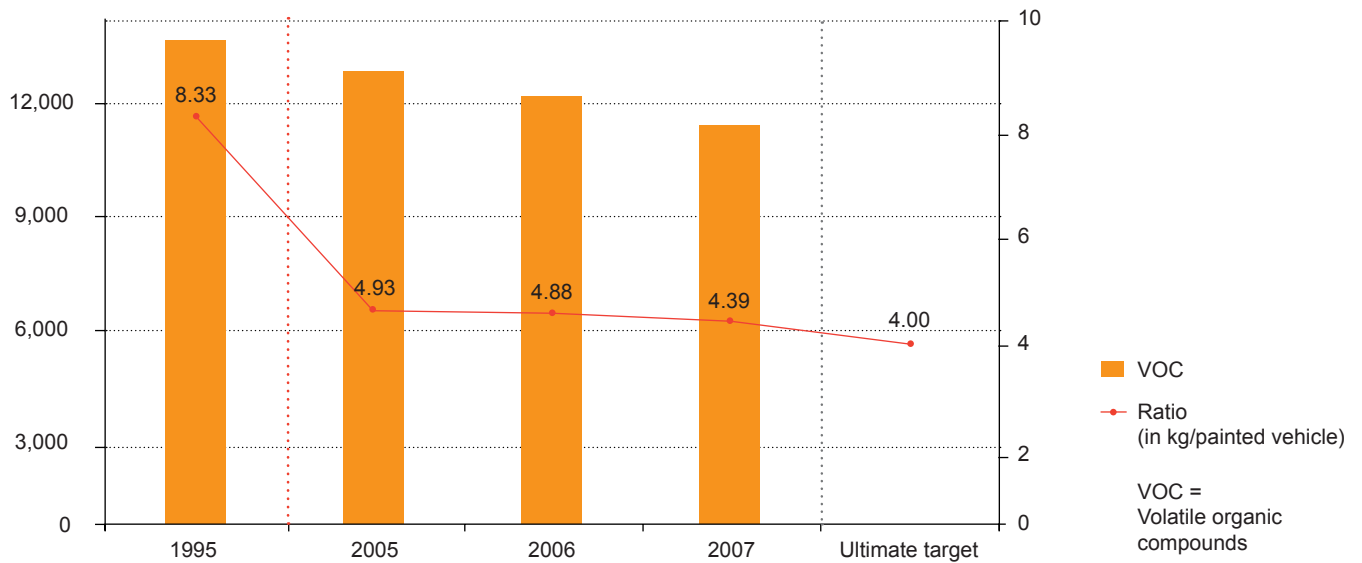
VOC = Volatile organic compounds

■ Paintshop VOC releases, 1995-2007

(PCA)

VOC releases
(in tonnes)

Ratio
(in kg/painted vehicle)



Environment /// Air quality

NO₂, SO₂ and VOC emissions

In France, the Group's automobile assembly plants account for less than 1% of total volatile organic compound (VOC) emissions produced by human activity (source: CITEPA. In 2005, human activity released 1,439,000 tonnes of VOCs.)

PSA Peugeot Citroën's VOC emissions per vehicle produced have been halved since 1995, thanks to 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.

After meeting the 2007 target of 4.4 kg per vehicle produced, the Group's ultimate goal is to lower per-vehicle releases to 4.0 kg. 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, 92% of the Group's VOCs are released in Europe and 8% in the rest of the world, with similar levels of per-vehicle emissions in both regions.

■ Methodology

Calculating VOC emissions

VOC emissions from PCA 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.

Environment /// Air quality

Use and emissions of ozone-depleting substances

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.

TOTAL WATER USE

■ Total annual water withdrawal by source and by business

(Worldwide)

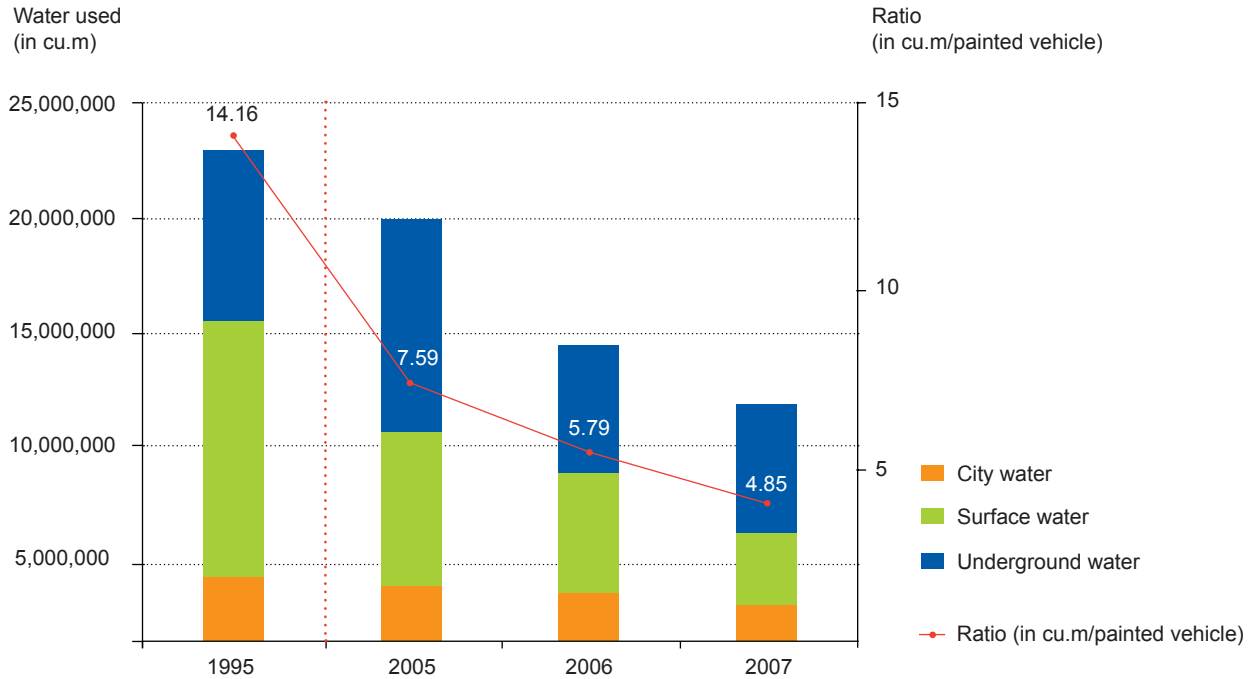
					Unit: cu.m
		City water	Surface water	Underground water	Total
PCA	2007	2,703,266	4,534,027	5,069,449	12,306,742
	2006	3,270,583	5,128,452	5,997,563	14,396,598
	2005	3,488,832	7,127,867	9,407,372	20,024,071
AP/AC	2007	744,993	11,298	6,551	762,842
	2006	-	-	-	-
	2005	-	-	-	-
PCI	2007	4,104	-	-	4,104
	2006	20,307	-	-	20,307
	2005	25,304	-	-	25,304
PMTC	2007	10,817	12,280	-	23,097
	2006	12,553	24,610	-	37,163
	2005	15,699	54,081	-	69,780
Gefco	2007	231,183	291	25,702	257,176
	2006	185,777	-	22,840	208,617
	2005	209,379	-	29,809	239,188
Total	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
	2005	3,739,214	7,181,948	9,437,181	20,358,343
Faurecia	2007	1,409,523	906,093	518,739	2,834,355
	2006	1,333,316	1,106,803	554,165	2,994,284
	2005	1,237,832	1,169,913	597,337	3,005,082

Sustained implementation of recycling systems, particularly at the Mulhouse, Sochaux and La Garenne plants, helped to reduce PCA's water withdrawals by 14% in 2007.

The 38% decline in PMTC's water withdrawals was due to the shutdown of a cooling tower at the Mandeuve plant in 2006.

■ Total water withdrawal by source, 1995-2007

(PCA)



From 1995 to 2007, water withdrawals were reduced by nearly two-thirds, to 4.85 cu.m per vehicle produced, while the 2007 target of 7.0 cu.m per vehicle produced was met a year early, in 2006.

In particular, sustained implementation of recycling system upgrades, notably at the Mulhouse, Sochaux and La Garenne plants, helped to reduce water withdrawals by 14% in 2007.

Geographically, 95% of the Group's water is withdrawn in Europe and 5% 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 delivered the best performance of all the Group's assembly plants in 2007, with respectively 1.5 cu.m and 2.1 cu.m per vehicle produced.

■ Methodology

Calculating water use

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

Data from the Citroën and Peugeot brands concern 93% of their sites.

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

All of Faurecia's sites reported data in 2007. To provide equivalent 100% comparatives, historic data have been adjusted for their response rate (92% in 2005 and 97% in 2006, based on the number of employees covered).

RAW MATERIALS USED

■ Raw materials used

The Group estimates its 2007 raw materials use as follows:

- Direct: 1,305,000 tonnes of steel and 60,000 tonnes of non-ferrous metals.
- Indirect: 2,130,000 tonnes of steel, 300,000 tonnes of non-ferrous metals and 720,000 tonnes of synthetics.

TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

■ Total weight of waste by business

(PCA, in 2007)

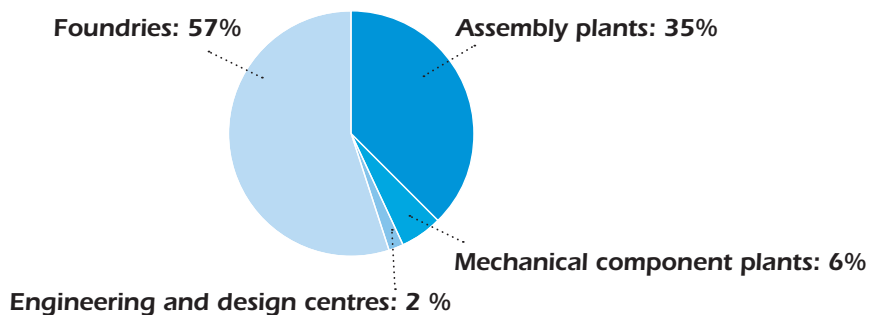
In 2007, Group sites produced around 1,098,000 tonnes of waste.

Most of this (707,100 tonnes) was metal waste, which is not included in the charts and tables below because all of it is recovered as a by-product and reused either in steel mills or, for around 106,400 tonnes, directly in the Group's foundries.

In addition, Group foundries purchased 54,100 tonnes of outside metal waste for reuse in 2007.

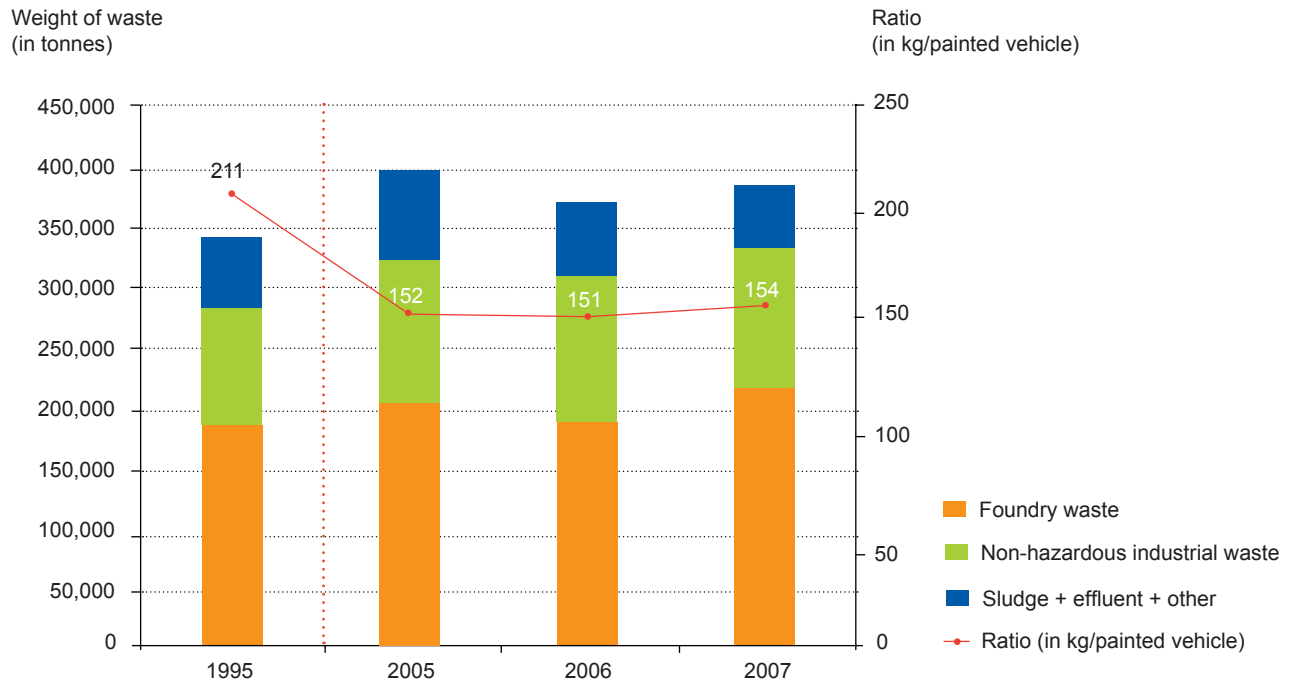
The other process waste, totalling 390,900 tonnes, breaks down very unevenly by facility as follows: 222,267 tonnes from foundries, 135,646 tonnes from assembly plants, 24,873 tonnes from mechanical component plants and 8,169 tonnes from engineering and design centres.

Non-metal waste production by facility



■ Total weight of waste by type, 1995-2007

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



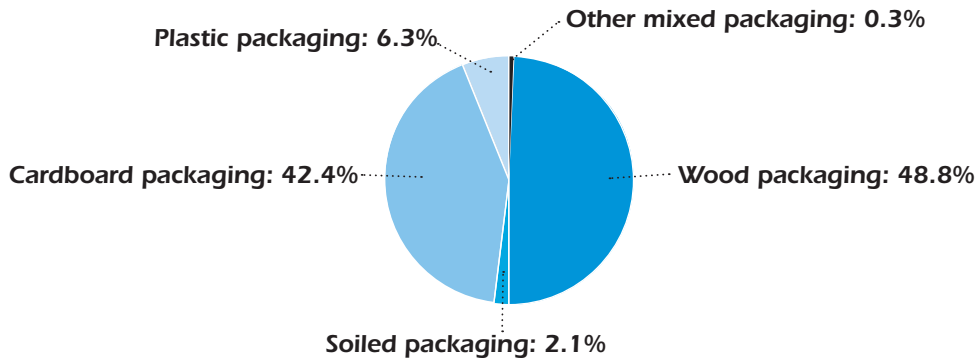
The rise in waste volumes in 2007 was caused by the increase both in business activity, particularly at the foundries, and in the scope of reporting, led by the inclusion of sites outside France and the engineering and design centres.

The increase in foundry waste meant that the 2007 target of 140 kg per vehicle was not met during the year, but much more of this waste is now being recycled on-site.

Geographically, 93% of the Group's waste is produced in Europe and 7% in the rest of the world.

■ Packaging waste, 98% of which is classified as non-hazardous industrial waste

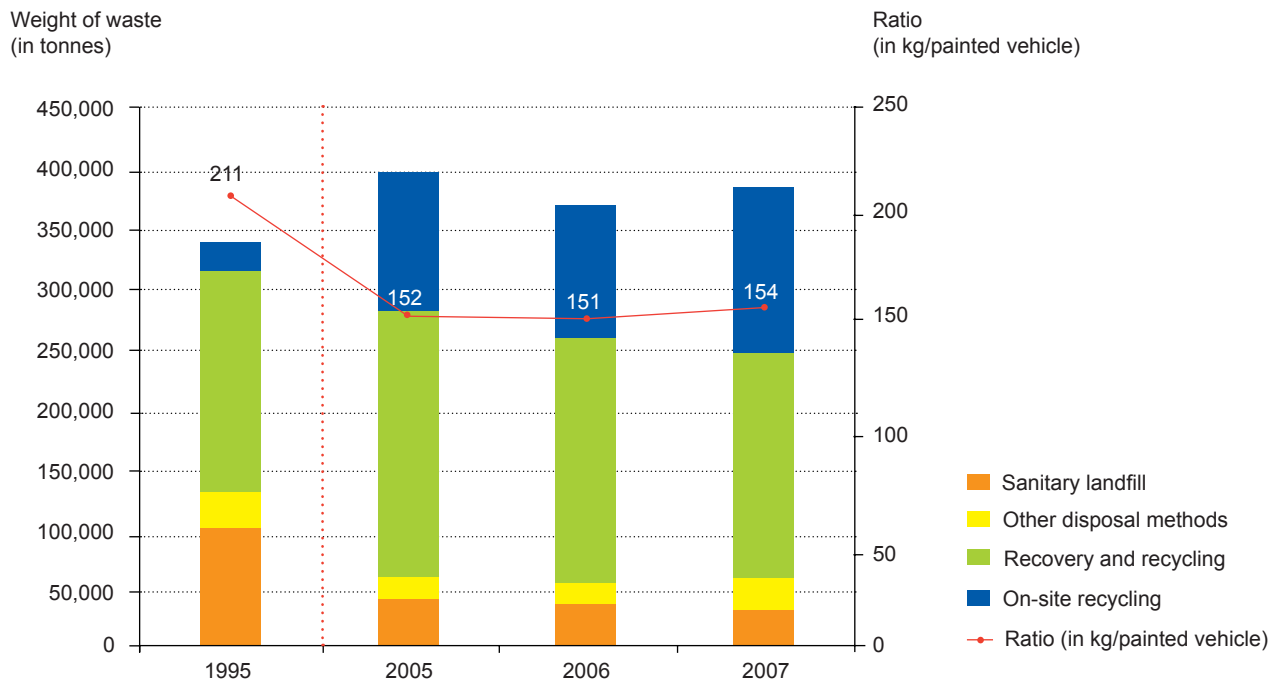
(PCA, in 2007)



Primarily composed of wood and cardboard, packaging waste accounted for 68,400 tonnes, or 17.5%, of total non-metal waste produced in 2007. More than 99% of packaging waste is recovered, reused or recycled.

■ Total weight of waste by disposal method, 1995-2007

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 2006.

Today, only 10% of waste is landfilled, while 83% is recovered or recycled.

Much of this progress has been driven by the on-site reuse of spent foundry sand.

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

■ Total weight of waste by type and disposal method

(PCA)

The table below does not include the 707,100 tonnes of metal waste produced in 2007, almost all of which was recycled.

						Unit: tonnes
		Landfill	Recovery and recycling	On-site recycling	Other disposal methods	Total
Foundry waste	2007	14,707	64,831	138,838	30	218,405
	2006	9,651	73,549	111,755	82	195,037
	2005	14,342	83,468	111,455	381	209,647
Non-hazardous industrial waste	2007	19,397	87,069	3,705	1,547	111,719
	2006	21,217	89,921	5,001	438	116,578
	2005	21,543	92,036	6,282	1,297	121,159
Sludge + Effluent + Hazardous industrial waste	2007	6,392	31,470	0	22,968	60,830
	2006	13,406	33,404	75	17,985	64,869
	2005	10,961	39,464	131	19,900	70,455
Total	2007	40,496	183,370	142,543	24,545	390,954
	2006	44,273	196,874	116,831	18,505	376,483
	2005	46,846	214,968	117,868	21,579	401,261

Foundry waste rose during the year due to increased output, but at the same time, a greater percentage was recycled on-site. Waste produced by other operations continued to decline, as did the percentage of landfilled waste.

■ Total weight of waste by type and disposal method

(Automobiles Peugeot and Automobiles Citroën)

In addition to the waste described below, the brands produced around 3,400 tonnes of metal waste, of which 52% was recycled.

					Unit: tonnes
		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous industrial waste	2007	11,954	5,611	1,672	19,236
	2006	-	-	-	-
	2005	-	-	-	-
Sludge + Effluent + Hazardous industrial waste	2007	2,132	2,207	883	5,223
	2006	-	-	-	-
	2005	-	-	-	-
Total	2007	14,085	7,819	2,555	24,459
	2006	-	-	-	-
	2005	-	-	-	-

■ Total weight of waste by type and disposal method

(PCI and PMTC)

The table below does not include the 430 tonnes of metal waste produced in 2007, almost all of which was recycled.

					Unit: tonnes
		Landfill	Recovery and recycling	Other disposal methods	Total
Foundry waste	2007	-	-	407	407
	2006	-	-	217	217
	2005	-	-	238	238
Non-hazardous industrial waste	2007	339	1,140	-	1,479
	2006	523	1,895	83	2,500
	2005	643	1,969	43	2,655
Sludge + Effluent + Hazardous industrial waste	2007	5	220	889	1,114
	2006	8	234	870	1,112
	2005	12	225	918	1,154
Total	2007	344	1,361	1,296	3,001
	2006	531	2,128	1,170	3,828
	2005	654	2,194	1,199	4,047

■ Total weight of waste by type and disposal method

(Gefco)

The table below does not include the 270 tonnes of metal waste produced in 2007, almost all of which was recycled.

					Unit: tonnes
		Landfill	Recovery and recycling	Other disposal methods	Total
Non-hazardous industrial waste	2007	6,596	4,542	1,725	12,863
	2006	6,988	6,456	320	13,765
	2005	7,661	2,338	1,070	11,068
Sludge + Effluent + Hazardous industrial waste	2007	61	8	135	204
	2006	218	1,330	255	1,803
	2005	570	319	112	1,001
Total	2007	6,657	4,550	1,860	13,067
	2006	7,206	7,786	576	15,568
	2005	8,230	2,657	1,182	12,069

■ Total weight of waste by type and disposal method

(Faurecia)

The table below does not include the 85,700 tonnes of metal waste produced in 2007, almost all of which was recycled.

						Unit: tonnes
		Landfill	Recovery and recycling	Recycling	Other disposal methods	Total
Total	2007	64,362	33,222	7,085	10,959	115,628
	2006	56,690	56,217	6,532	6,009	125,448
	2005	50,319	72,463	8,590	10,731	142,103

■ 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 94% of their sites.

Gefco data were reported from 83% of the company's sites, compared with 74% in 2006. Most of the sites that have not been included in the scope of reporting 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 reported data in 2007. To provide equivalent 100% comparatives, historic data have been adjusted for their response rate (93% in 2005 and 96% in 2006, based on the number of employees covered).

Definitions of waste disposal methods

1) 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.

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

3) 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.

TRANSPORTED WASTE SHIPPED INTERNATIONALLY

■ Transported waste shipped internationally in 2007

In 2007, less than 0.2% of total waste produced (excluding metal waste) was shipped from France to other EU member states (Belgium and Germany). This waste included:

- Soiled metal and plastic packaging (227 tonnes).
- Spent filter media (163 tonnes).
- Special cardboard packaging (4 tonnes).
- Machining sludge (196 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 and Argentina shipped waste to EU member states (France and Spain). This waste, which amounted to less than 1% of total non-metal waste produced during the year, comprised:

- Various types of sludge (252 tonnes).
- Spent filter media (92 tonnes).
- Other hazardous waste (52 tonnes).

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

MATERIAL EFFLUENT DISCHARGE

■ Gross effluent discharge, ex-works

(Worldwide)

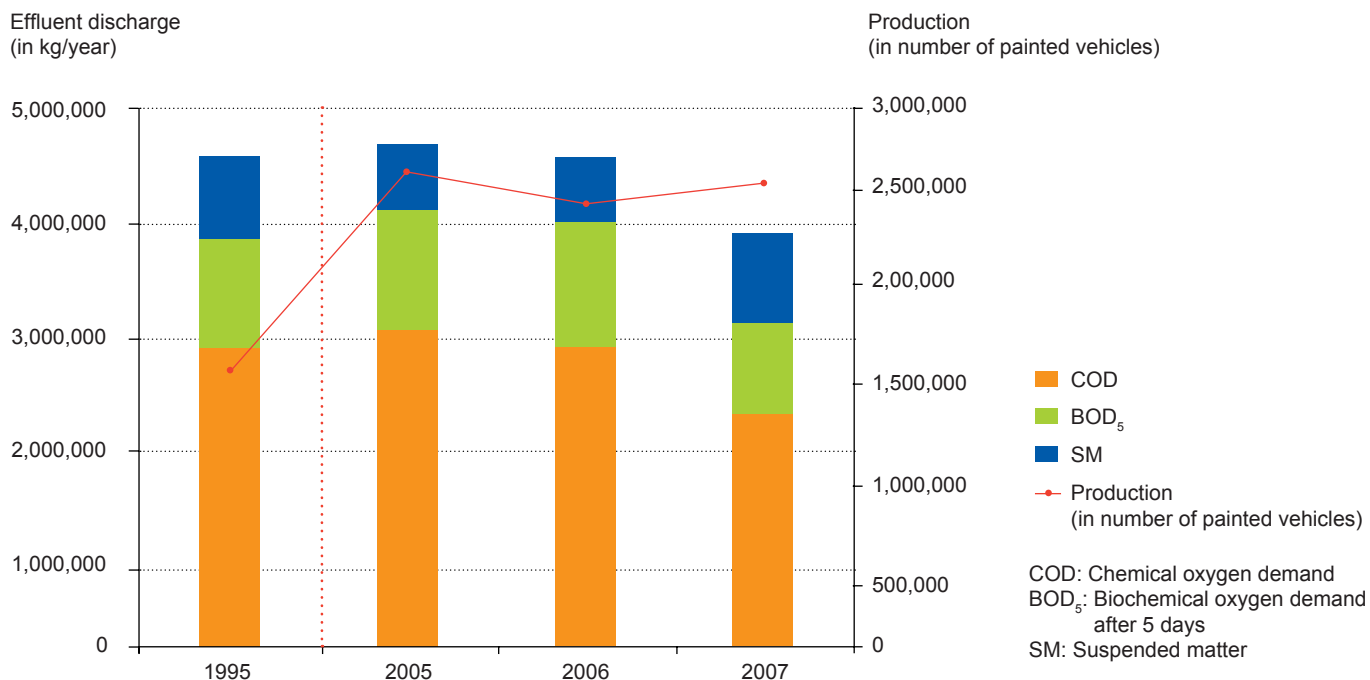
		Unit: kg/year		
		COD	BOD ₅	SM
PCA	2007	2,459,755	747,668	663,813
	2006	2,926,580	1,085,337	587,958
	2005	3,115,026	1,039,481	654,617
AP/AC	2007	n/r	n/r	n/r
	2006	n/r	n/r	n/r
	2005	n/r	n/r	n/r
PCI	2007	n/r	n/r	n/r
	2006	n/r	n/r	n/r
	2005	n/r	n/r	n/r
PMTC	2007	1,119	322	72
	2006	1,456	544	109
	2005	1,861	533	73
Gefco	2007	n/r	n/r	n/r
	2006	n/r	n/r	n/r
	2005	n/r	n/r	n/r
Total	2007	2,460,874	747,990	663,885
	2006	2,928,036	1,085,881	588,067
	2005	3,116,887	1,040,014	654,690
Faurecia				consolidation unavailable

COD: Chemical oxygen demand; BOD₅: Biochemical oxygen demand after 5 days; SM: Suspended matter; n/r: not relevant.

More than 90% of these discharges are further treated in a local wastewater plant before release into the environment.

Gross effluent discharge, ex-works, 1995-2007

(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. 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 2007. In 2007, none of the facilities exceeded the maximum limits stipulated in their authorisations.

Geographically, 99% of the Group's process effluent is released in Europe and 1% 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.

Effluent discharge is now expressed in annual rather than daily terms, with 1995, 2005 and 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.

ACCIDENTAL SPILLS

■ Accidental spills in 2007

In 2007, there were no reports of any accidental spills that had a material impact on the environment (defined as a spill that is serious enough to be reported to the public authorities).

■ Penalties paid following a legal ruling concerning an adverse environmental impact

The Group did not have to pay any penalties in this regard in 2007.

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 compliance with legislation, these prior studies are submitted to public hearing and to the approval of administrative authorities.

Most Group facilities are located in suburban industrial parks. No facilities are located in wetlands (as defined under the Ramsar Convention) or in areas that are specially regulated for the protection of flora and fauna (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 in France and Ryton in the UK, 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.

07

2007 Sustainable
Development Indicators

**SOCIAL
SOCIETY**



■ 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 guidelines.

With the exception of tables 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.

A listed company 72%-owned by Peugeot S.A., Faurecia manages its business independently and therefore prepares and publishes its own indicators in its annual report.

In addition, employees of the Peugeot S.A. holding company are included in data for the Automobile Division.

For each indicator in the following document, information is provided about the results or the programs 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.

■ Scope and definitions

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

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".

WORKFORCE

■ Number of employees under permanent or fixed-term contracts by division, 2001-2007

(Worldwide, at 31 December)

	2001	2002	2003	2004	2005	2006	2007
Automobile Division	130,640	133,880	135,180	139,480	140,050	140,000	134,345
Banque PSA Finance	2,140	2,160	2,150	2,360	2,370	2,365	2,330
Gefco	7,680	8,050	8,360	8,840	9,370	9,900	9,980
Faurecia	49,690	52,230	51,860	54,430	54,960	57,810	59,765
Other businesses	2,300	2,280	2,360	2,140	1,750	1,675	1,430
Total	192,450	198,600	199,910	207,250	208,500	211,750	207,850

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

(Worldwide, at 31 December)

	2001	2007	Change 2001-2007
Europe			
France	123,680	113,710	-8.1%
Rest of Western Europe	54,340	52,050	-4.2%
Central and Eastern Europe	4,140	16,490	+298.3%
Africa	800	1,715	+114.4%
South America	5,040	12,355	+145.1%
North and Central America	4,240	8,325	+96.3%
Asia	210	3,205	+1,426.2%
Total	192,450	207,850	+8.0%

With 207,850 employees in 2007, PSA Peugeot Citroën still employed 15,000 more people than in 2001.

Growth has slowed in recent years due to the closure of the Ryton, UK plant in 2006 and 2007 and the implementation of the jobs and capabilities redeployment plan in France in 2007.

The Group's growing presence in the global marketplace has led to a steady increase in the percentage of employees based outside France, which rose to more than 45% in 2007 (33% in Europe and 12% in the rest of the world).

The international workforce rose by nearly 37% between 2001 and 2007.

■ Managing human resources internationally

More than 94,000 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 87% of managers based outside France in the Automobile, Finance, and Transport & Logistics Divisions are nationals, and 104 nationalities are represented among the global workforce.

In 2007, 750 employees of the Automobile, Finance, and Transport & Logistics Divisions took up foreign postings and nearly 460 had a long-term assignment outside their country of origin.

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

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

(Worldwide, at 31 December 2007)

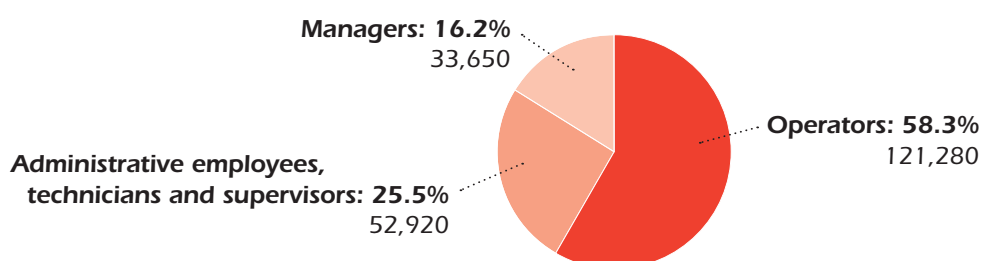
	France	Rest of Europe	Rest of the World	Total
Automobile Division	89,525	35,005	9,815	134,345
Banque PSA Finance	835	1,405	90	2,330
Gefco	5,200	3,960	820	9,980
Faurecia	16,765	28,125	14,875	59,765
Other businesses	1,385	45	–	1,430
Total	113,710	68,540	25,600	207,850

PSA Peugeot Citroën employs 207,850 people in three core businesses.

Excluding Faurecia, the Group counted 148,085 employees at 31 December 2007, of which 137,160 under permanent contracts (92.6% of the total) and 10,925 under fixed-term contracts.

■ Percentage of employees under permanent or fixed-term contracts by category

(Worldwide, at 31 December 2007)



■ Average annual number of employees under fixed-term contracts

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	2,595	5,875	1,655	10,125
2006	2,985	4,480	1,725	9,190
2005	4,425	3,700	1,075	9,200
Banque PSA Finance 2007	20	130	–	150
2006	15	150	–	165
2005	30	95	–	125
Gefco 2007	150	290	–	440
2006	140	285	–	425
2005	140	250	–	390
Other businesses 2007	55	5	–	60
2006	55	5	50	110
2005	40	–	85	125
Total 2007	2,820	6,300	1,655	10,775
2006	3,195	4,920	1,775	9,890
2005	4,635	4,045	1,160	9,840

In 2007, nearly 2,500 employees (29%) worldwide were hired under permanent contracts following a fixed-term assignment. The above table does not include the average 5,685 people who worked under fixed-term contracts for Faurecia in 2007.

■ Responsibly managing fixed-term contracts

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

■ Average annual number of temporary workers

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	4,135	520	240	4,895
2006	4,115	650	170	4,935
2005	6,700	325	120	7,145
Banque PSA Finance 2007	20	65	–	85
2006	20	40	–	60
2005	20	10	5	35
Gefco 2007	840	980	250	2,070
2006	930	745	80	1,755
2005	845	590	95	1,530
Other businesses 2007	45	–	–	45
2006	255	–	–	255
2005	225	–	40	265
Total 2007	5,040	1,565	490	7,095
2006	5,320	1,435	250	7,005
2005	7,790	925	260	8,975

Application of the charter concerning the use of temporary workers has limited this practice.

In 2007, nearly 760 people (9%) were hired worldwide under permanent contracts following a temporary assignment with the Group. The above table does not include the average 9,780 people who worked on temporary assignments at Faurecia in 2007.

■ Enhancing 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 working part of a day or half-day, working a reduced number of total hours, and working every other week.

■ Number of part-time employees under permanent or fixed-term contracts (Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	3,060	5,275	–	8,335
2006	2,255	4,760	25	7,040
2005	2,255	3,710	–	5,965
Banque PSA Finance 2007	40	215	–	255
2006	40	220	–	260
2005	40	210	–	250
Gefco 2007	260	175	–	435
2006	270	220	–	490
2005	205	220	–	425
Other businesses 2007	90	5	–	95
2006	10	–	–	10
2005	110	–	–	110
Total 2007	3,450	5,670	–	9,120
2006	2,575	5,200	25	7,800
2005	2,610	4,140	0	6,750

In 2007, nearly 9,200 employees worked part-time worldwide, of which 1,830 worked half-time. Of the total, 42.3% were women and 57.7% were men.

Most of the 4,885 part-time employees in Spain are on “partial retirement.” Of these, 81% are men. Excluding this category, 70% of the Group’s part-time employees are women.

■ Number of contractor employees working on Group sites

(Worldwide, excluding Faurecia, at 31 December)

	France		Rest of Europe		Rest of the World		Total	
	Occasional	Permanent	Occasional	Permanent	Occasional	Permanent	Occasional	Permanent
Automobile Division 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
2005	11,560	6,730	1,575	4,575	100	1,770	13,235	13,075
Banque PSA Finance 2007	–	–	20	60	–	–	20	60
2006	–	20	10	20	40	40	50	80
2005	–	25	5	20	–	5	5	50
Gefco 2007	150	365	215	705	240	60	605	1,130
2006	40	190	285	600	25	50	350	840
2005	40	315	260	115	–	5	300	435
Other businesses 2007	35	25	–	–	–	–	35	25
2006	5	40	–	–	–	–	5	40
2005	480	35	–	–	–	–	480	35
Total 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
2005	12,080	7,105	1,840	4,710	100	1,780	14,020	13,595

■ 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 numbers is calculated by dividing by 12 the sum of the number of these workers present at each month-end.

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.

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

The "occasional" category concerns contractor employees whose assignment lasts for more than a month. When it was not possible to distinguish contractor employees working onsite for less than a month from the others, they have been classified as "occasional".

CHANGES IN HEADCOUNT

■ Net jobs created, 2000-2007

(Worldwide, at 31 December 2007)

	Headcount at 31 December 1999	Net jobs added/(lost) through acquisitions/disposals	Net jobs created	Headcount at 31 December 2007
Europe except France	45,590	8,495	14,455	68,540
Africa	–	710	1,005	1,715
North and Central America	1,170	1,665	5,490	8,325
South America	3,470	–	8,885	12,355
Asia	100	755	2,350	3,205
Worldwide except France	50,330	11,625	32,185	94,140
France	115,465	1,800	-3,555	113,710
Worldwide	165,795	13,425	28,630	207,850

Despite the decline in headcount in 2007, the Group nevertheless created a net 28,630 new jobs from 2000 to 2007.

■ Employees hired under permanent contracts in 2007 and total hires, 2001-2007

(Worldwide, at 31 December of each year)

	France	Rest of Europe	Rest of the World	Total	Total hires, 2001-2007
Automobile Division 2007	1,320	2,605	2,870	6,795	60,585
2006	2,620	4,635	1,100	8,355	
2005	4,080	2,585	785	7,450	
Banque PSA Finance 2007	20	130	5	155	1,465
2006	35	150	10	195	
2005	50	110	5	165	
Gefco 2007	305	765	400	1,470	8,920
2006	520	825	190	1,535	
2005	340	700	190	1,230	
Faurecia 2007	740	4,975	4,540	10,255	52,855
2006	525	5,550	5,760	11,835	
2005	980	2,205	3,630	6,815	
Other businesses 2007	15	10	–	25	375
2006	15	10	10	35	
2005	5	–	10	15	
Total 2007	2,400	8,485	7,815	18,700	124,200
2006	3,715	11,170	7,070	21,955	
2005	5,455	5,600	4,620	15,675	
Total hires 2001-2007	47,410	46,900	29,890	124,200	

New employees hired under permanent contracts represented 9% of total headcount in 2007, versus 10.4% in 2006 and 7.5% in 2005.

In addition, 8,795 people were hired under fixed-term contracts worldwide, excluding Faurecia, in 2007. Of these 28% were women, 83% were operators, 16% were administrative employees, technicians and supervisors (ETAM) and 1% were managers.

The above table does not include the 7,085 people hired by Faurecia under fixed-term contracts during the year.

■ International hiring

Hiring practices outside France comply fully with the Group's social responsibility principles, with applicants selected solely on the basis of their skills in a commitment to equal opportunity and diversity. These principles are presented in a "Recruiter's Handbook," which has been adapted to local practices and distributed to Group hiring teams and contract recruitment organisations.

Hiring local managers is enhancing the Group's international profile by enabling the creation of multi-cultural teams and the development of international careers, supported by the job track process.

In 2007, the Group hired 18,700 people, of which nearly 55% in the Automotive Equipment Division (Faurecia) and nearly 8% in the Transport & Logistics Division (Gefco). More than 87% of new employees were hired outside France.

Close to 7,000 people were hired in the Automobile Division, particularly outside France. Most of them were recruited in South American countries (2,800) and Slovakia (870) to support the growth of local operations, while others were hired in sales subsidiaries in every host region around the world.

Fully 87% of managers based outside France in the Automobile, Finance, and Transport & Logistics Divisions are nationals.

■ Separation rates

(Worldwide, excluding Faurecia)

	2002	2003	2004	2005	2006	2007
Separation rate	4.3%	2.9%	3.3%	3.8%	4.9%	10.2%

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.

For 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.

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

(Worldwide, excluding Faurecia, at 31 December)

In 2007, the Groupwide separation rate (excluding Faurecia) was 10.2%, including separations as part of the jobs and capabilities redeployment plan.

	< 20		20/29		30/39		40/49		≥ 50		Total	
	M	W	M	W	M	W	M	W	M	W	M	W
Resignations (employees under permanent contracts)	65	15	1,610	515	1,340	385	500	130	160	55	3,675	1,100
Dismissals (employees under permanent or fixed-term contracts)	20	–	485	85	495	100	255	40	645	125	1,900	350
Redundancies (employees under permanent or fixed-term contracts)	5	5	640	115	1,005	210	675	105	1,405	255	3,730	690
Retirement or death (employees under permanent or fixed-term contracts)	–	–	5	–	25	5	50	45	3,000	460	3,080	510
Total	90	20	2,740	715	2,865	700	1,480	320	5,210	895	12,385	2,650
Rate	4.6%	4.8%	10.1%	10.1%	8.4%	8.1%	5.0%	4.8%	18.9%	17.7%	10.3%	9.5%

M: Men

W: Women

SOCIAL /// Employment

Changes in headcount

	France	Rest of Europe	Rest of the World
Resignations (employees under permanent contracts)	1,605	2,720	450
Dismissals (employees under permanent or fixed-term contracts)	1,260	800	190
Redundancies (employees under permanent or fixed-term contracts)	3,360	1050	10
Retirement or death (employees under permanent or fixed-term contracts)	2,990	590	10
Total	9,215	5,160	660
Rate	9.5%	12.8%	6.2%

■ Resignations of employees under permanent contracts

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	1,285	2,110	300	3,695
2006	1,490	2,000	205	3,695
2005	1,270	865	175	2,310
Banque PSA Finance 2007	25	120	–	145
2006	20	95	–	115
2005	25	90	–	115
Gefco 2007	275	485	150	910
2006	145	355	70	570
2005	140	280	60	480
Other businesses 2007	20	5	–	25
2006	–	–	–	–
2005	15	5	–	20
Total 2007	1,605	2,720	450	4,775
2006	1,655	2,450	275	4,380
2005	1,450	1,240	235	2,925

The number of resignations amounted to 3.48% of total employees under permanent contracts in 2007, versus 2.85% in 2006.

Groupwide, 600 employees under fixed-term contracts resigned during the year.

The above table does not include the 3,935 Faurecia employees who resigned during the year.

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

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	1,130	680	180	1,990
2006	985	455	275	1,715
2005	825	570	300	1,695
Banque PSA Finance 2007	5	10	–	15
2006	5	10	–	15
2005	20	35	–	55
Gefco 2007	115	110	10	235
2006	125	90	–	215
2005	85	105	10	200
Other businesses 2007	10	–	–	10
2006	5	–	–	5
2005	50	5	–	55
Total 2007	1,260	800	190	2,250
2006	1,120	555	275	1,950
2005	980	715	310	2,005

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 3,865 Faurecia employees who were prematurely terminated or dismissed during the year.

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

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division	2,825	565	10	3,400
Banque PSA Finance	20	10	–	30
Gefco	95	15	–	110
Other businesses	50	–	–	50
Total	2,990	590	10	3,590

The above table does not include the 395 Faurecia employees who retired, died or otherwise left the company during the year.

■ Dismissals or redundancies of employees under permanent or fixed-term contracts in 2007, including as part of the jobs and capabilities redeployment plan

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	3,235	945	10	4,190
2006	5	1,175	–	1,180
2005	5	760	25	790
Banque PSA Finance 2007	–	–	–	–
2006	–	–	–	–
2005	–	–	–	–
Gefco 2007	5	105	–	110
2006	35	50	–	85
2005	5	40	–	45
Other businesses 2007	120	–	–	120
2006	–	–	–	–
2005	–	–	–	–
Total 2007	3,360	1,050	10	4,420
2006	40	1,225	–	1,265
2005	10	800	25	835

The increase in worldwide redundancies (excluding Faurecia) in 2007 was primarily caused in France by the implementation of the jobs and capabilities redeployment plan (see below, "Human Resources Planning and Development") and in Europe by the last redundancies from the closure of the Ryton, UK plant on 8 January 2007.

The above table does not include the 1,195 people made redundant at Faurecia during the year.

HUMAN RESOURCES PLANNING AND DEVELOPMENT

■ Human resources planning and development based on social dialogue

In line with the Global Social Responsibility Agreement, PSA Peugeot Citroën is committed to ensuring that no employee should ever have to find a new job on his or her own.

On 6 April 2007, an agreement concerning the planning and development of the Group's human resources was signed with five of the six labour unions in France. It is designed to meet two objectives, one structural – to proactively respond to the Group's evolving skills base and more effectively manage employee capabilities – and the other temporary – to continue rightsizing headcount in line with the measures undertaken in June 2006, by not replacing people who retire or leave the Group.

The Agreement is also designed to apply and promote best human resources management practices in every host country, in a commitment to anticipating changes in the Group's jobs and skills-clusters, in order to limit the jobs impact of fluctuations in market demand.

The agreement takes a holistic approach to managing and planning human resources, based on four strategic principles:

■ Involvement of employee representatives

In addition to the central and local Works Council information and consultation procedures, two new research and discussion organisations have been set up, the Joint Union-Management Committee and the Skills and Capabilities Observatory. They will encourage discussion and the exchange of views concerning corporate strategy, while helping to analyse the changing number and nature of the Group's jobs and skills-clusters.

In particular, the Skills and Capabilities Observatory is tasked with updating the Group's job reference guidelines and identifying jobs that are understaffed or expanding, jobs that are adequately staffed and sensitive jobs that are exposed to technological, organisational and economic change.

■ A framework agreement

The agreement defines procedures for consulting employee representatives when a redundancy plan affects several facilities.

■ Skills development

PSA Peugeot Citroën is committed to informing employees about changes in their jobs and skills-sets, to enable them to plan their professional growth and advancement.

A number of systems have been put into place to help them build their career paths, including management by job tracks, orientation reviews, annual performance reviews, career reviews, career assessments and intranet job postings.

Specific programs have been introduced for employees over 45, to help them keep their jobs, maintain their professional motivation and ensure that they successfully transmit their knowledge and skills to others.

The agreement also provides procedures for relocation or geographic mobility, as well as measures for the priority in- or outplacement of certain employee categories.

■ Support for corporate transformation programs

When conditions require a reduction or rightsizing of headcount, the agreement provides for incentives for employee volunteers. These include the creation of regional and local placement offices to support employees in finding a new job, financial incentives for people who want to leave the Group to pursue a personal project, or assistance in taking long-term leave. Employee representatives will be informed of these measures before they are implemented, in line with French labour legislation.

In the event of changes in market demand, 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 programs.

☞ Human resources planning and development is one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

■ The jobs and capabilities redeployment plan:**“no employee should have to find a new job on his or her own”**

The socially responsible implementation of the jobs and capabilities redeployment plan led in 2007 to a decline in corporate overheads. Headcount was adjusted without recourse to redundancy plans, layoffs or early retirements. Instead, the reductions were effected through natural attrition and a system of incentives for employees volunteering for inplacement or outplacement measures. For example, financial incentives were offered to employees interested in leaving the Group to take up a new position or pursue a personal project.

The plan was open to all employees, with the exception of those directly involved in production or sales or in certain specific positions, whose departure would have required the hiring of the same number of replacements. The latter included architectural designers, electrical and electro-technical designers, electronically managed systems architects and occupational physicians.

The PCA France Central Works Committee was informed of the plan and on May 9 issued a unanimously favourable opinion on the proposed measures.

All of the measures, which were deployed on a voluntary basis, were derived from the human resources planning and development agreement signed on 6 April 2007 with representatives of the CFDT, CFE/CGC, CFTC, FO and GSEA unions.

■ Resources for successful implementation

Significant resources were deployed to help all of the employees concerned, in line with the corporate social responsibility commitment that no employee should have to find a new job on his or her own.

Placement offices were opened on each site, to offer advice, assistance and support to employees in finding a new job.

Job fairs were organised, to enable interested employees to meet companies that were hiring and to receive advice on setting up a new business or finding a new job.

Implementation was led by corporate human resources as if it were a business operation, with its own management committee, logo and a dedicated communication process.

Three outside consultants, Altedia, BPI and Sodie, were commissioned to help support employees in finding outplacement opportunities or in setting up their own company.

Ongoing social dialogue kept employee representatives involved throughout the implementation, with, for example, the signing on 11 September 2007 of an amendment to the human resources planning and development agreement, designed to improve the measures.

■ Results of the jobs and capabilities redeployment plan in France

(Automobile Division France, PCA and PSA, at 31 December 2007)

The final results, as of 31 December 2007, of the jobs and capabilities redeployment plan implemented in the Automobile Division France, PCA and PSA entities were presented to a special meeting of the Central Works Council on 15 January 2008.

In the six months of the plan's application, a total of 6,312 employees took advantage of its measures in order to leave the Group. Of these:

- 4,185 left to pursue a personal or professional project, with 92% having a firm job offer from another company.
- 487 took outplacement leave. At year-end, 65% were still in an education/retraining program or seeking other employment with Group support, while remaining on the payroll. The other 35% had either found another job, acquired a company or created their own.

Of the 6,312 applicants, 33% were operators, 29% were administrative employees, technicians and supervisors (ETAM) and 38% were managers.

66% left to pursue personal or professional projects, 17% retired as part of the plan, 9% retired normally and 8% took outplacement leave. These figures concern people who applied to leave under one of the separation programs. Given the length of their notices or outplacement leaves, however, they may not actually leave the payroll until 2008.

In the six months of the plan's application, 14,300 employees were individually interviewed by the outplacement offices and 360 pursued projects to create or purchase their own business.

A review of the first six months of application also revealed the following trends:

- Few of the most recent hires asked to leave.
- Most of the applications came from older employees.
- The percentage of applications was higher among college-educated employees.
- Leavers tended to have poorer performance reviews and fewer career prospects than the reference population.

During the year, other human resources planning and development plans were signed in most of the Automobile Division subsidiaries (e.g. the Mechanical Engineering and Environment business), at Banque PSA Finance (on 31 July) and at Gefco (on 12 October).

As of 31 March 2008, nearly 400 companies had been created by employees who had left the Group under the jobs and capabilities redeployment plan. Of these, more than 300 were created in the employee's employment catchment area.

■ Supporting corporate transformation programs outside France

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.

Announced on 18 April 2006, the closure of the Ryton, UK plant was completed on 8 January 2007, when the last 885 employees left the premises for the last time. In place since 2006, the outplacement office stayed open until September 2007 to ensure support and re-employment for these last remaining employees. The site was sold to Trenport Investments Ltd., a landholding and development company that plans to redevelop it as a sortation and distribution centre, with plans to create 800 jobs by 2010.

When accounting operations were reorganised in Belgium, a program was set up under a collective agreement signed with employee representatives. The program was primarily based on incentives for people wishing to transfer to other Group operations, with appropriate training plans and job offers for the 21 employees concerned.

As part of the overheads reduction process, a number of jobs in Spain were eliminated through voluntary departures followed by inplacement. A job mart was set up to facilitate transfers between the Spanish sites and companies.

In Germany, the Optimal 2007 plan to eliminate 197 jobs at Peugeot's proprietary dealerships was carried out in collaboration with each company's Works Council.

Also in Germany, Gefco has phased out its domestic groupage operations and refocused on international groupage and full/part-load road transport. Severance packages to support the closure and sale of nine agencies and the eventual elimination of 500 jobs were negotiated with the Central Works Committee, with an agreement signed in September 2007.

Thanks to the sale of the Dresden, Duisburg and Berlin facilities, 65 employees were transferred to new jobs, while nearly 70% of the dismissed employees had already found new employment by 31 December 2007.

■ Supporting corporate transformation programs at temporary employment agencies and subcontractors

Along with a number of temporary employment agencies, PSA Peugeot Citroën has signed the charter governing working conditions for temporary workers, which stipulates that sufficient prior notice should be given before an individual or team assignment ends.

In particular, when the end of these assignments involves disbanding the project teams or other major operations, the charter calls for the implementation of support programs such as helping the temporary workers identify their acquired skills for their new CVs, preparing them for hiring interviews and awarding them their professional certificates.

In the case of subcontractors, changes in the supplier panel or adjustments in their operations to reflect the market's production and cost constraints are scheduled so that both PSA Peugeot Citroën and the subcontractors have enough time to respond to these changes. This ability is supported by the Group's efficient forward planning of its procurement needs, based on a commitment to defining, as precisely as possible, its sourcing and parts needs and to communicating them to suppliers with sufficient lead time. At the beginning of each year, for example, suppliers are informed of the Group's projected production levels for the two succeeding years, while current-year forecasts are adjusted in mid-year. Like other carmakers, PSA Peugeot Citroën provides rolling four-month forecasts, updated every month to reflect actual market trends, thereby enabling suppliers to continuously adjust their purchases, stocks and operations.

If a supplier reports difficulty in meeting its obligations, the Purchasing Department can, exceptionally and temporarily, deploy a variety of tools and teams to help resolve the problem issues or else reschedule deadlines to give the supplier enough time to find alternative solutions on its own.

SKILLS MANAGEMENT AND TRAINING

■ Agreement on lifelong learning

The lifelong career development training agreement, signed with all of the French unions in 2005, redefined training guidelines and objectives with the aim of proactively planning for required skills and team capabilities, while responding more effectively to employee aspirations by enhancing their employability.

In particular, the agreement addresses the following challenges: i) supporting young adults and new hires in their initial job experience; ii) helping employees throughout their careers to embrace changes in techniques, job skills and organisations; iii) enabling employees, even the oldest, to directly shape their career itineraries; iv) encouraging the transfer of knowledge between generations; and v) ensuring equal opportunity access to training.

This commitment to lifelong skills development was extended worldwide by the Group's Global Social Responsibility Agreement signed with European and international labour organisations.

PSA Peugeot Citroën is dedicated to preparing and developing its future capabilities through lifelong training and ensures that every employee has the opportunity to attend training programs, particularly those designed to improve their skills and proficiency in new technologies, equipment, systems and processes.

The organisations signing the agreement believe that lifelong training is an effective way to promote greater equality in the workplace, regardless of an employee's gender, national origin, educational background, health or working conditions or schedules. As a result, PSA Peugeot Citroën is deploying an assertive training strategy and encourages every employee to take an active role in shaping his or her career development.

■ Continuously enhancing skills and nurturing human capital

■ Proactively responding to an evolving skills base

To provide an effective, forward-looking vision of the Group's future human resources needs, the Human Resources Planning and Development Agreement signed on 6 April 2007 set up the Skills and Capabilities Observatory, which uses an analysis grid to identify the major trends affecting the Group's jobs and skills-sets. The grid distinguishes between i) "sensitive" jobs that seem likely to disappear, thereby leading to layoffs and the need for retraining and placement programs; ii) "redundant" jobs remaining overstaffed despite a decline in employee numbers and natural attrition; iii) "adequately staffed" jobs, where attrition is offset by hirings and transfers; iv) "understaffed" jobs, which are difficult to fill; and v) "emerging" jobs.

■ The job track management system

Twenty-one global, cross-operations job tracks were introduced in 2005, enabling the Group manage its skills and capabilities both quantitatively and qualitatively.

Designed to proactively fulfil future staffing needs, job tracks are now enabling operations in every host country to align possibilities, capabilities and internal resources with business requirements, in particular through training and role-playing exercises.

■ Effectively managing employee expertise

In 2007, a structured expertise management system was introduced, with selection processes leading to the designation of "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.

The 48 experts and 17 master experts designated in 2007 will help drive innovation and serve as reference guides for the Group's knowledge and expertise. While maintaining and improving their own skills, the experts and master experts apply their knowledge on the job every day even as they transmit this know-how to others.

In preparing its Human Resources Planning and Development Agreement, signed on 12 October 2007, the Transport & Logistics Division (Gefco) also mapped its jobs base and identified its core competencies.

■ Preparing, developing and training for tomorrow's capabilities

Career committees help to identify high potential managers, who attend management courses aligned with their future duties and pursue career paths that broaden their responsibilities.

Each one's career development is mapped out, based on their performance, ability to grow, managerial skills, adaptability (particularly in international environments), motivation and aspirations. The selection process also reflects the growing diversity and globalization of the Group's managers and experts.

The Institut Supérieur du Management (ISM) is a high-level training program for future executives in all of the Group's businesses and corporate departments. Intended for managers age 35 to 40, ISM trains and prepares high potentials with courses in three areas: managing people and finances, opening doors to the world, and understanding the Group's strategic challenges. The courses, which are culturally diverse, are given by leading academics, international specialists, politicians and experts in such fields as management, geopolitics and finance.

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.

In 2007, a special management seminar enabled the Group's top 2,000 managers to embrace the objectives of the CAP 2010 program.

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

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

PSA Peugeot Citroën has also introduced a procedure to cover tuition fees for skills certification courses offered in France by the Conservatoire National des Arts et Métiers (CNAM), the National Centre for Distance Learning (CNED) and certain state universities. In addition, employees in France are entitled to leaves for individual training (CIF), for accreditation of work-based learning (VAE) and for skills audits financed by FONGECIF, to which the Group pays an annual contribution.

■ Hours of training by region

(Worldwide, excluding Faurecia, at 31 December)

Employees are offered a wide range of training courses and programs to develop their skills and expand career opportunities. The 2007 training catalogue offered nearly 4,300 courses organized by job track and skills cluster, as part of a broad-based program to develop every employee's job capabilities.

	Total hours of training (thousands of hours)			Average hours of training per employee		
	2005	2006	2007	2005	2006	2007
France	2,325	1,932	1,750	21.7	18.5	18.0
Rest of Europe	1,567	1,529	1,143	42.0	36.8	28.3
Rest of the World	510	375	719	69.7	47.0	67.1
Total	4,402	3,835	3,612	28.7	24.9	24.4

Each employee received an average of nearly 24.5 hours training in 2007. The more than 3.6 million hours of training conducted throughout the Group represented an outlay of nearly €117 million.

In addition, Faurecia offered 1.4 million hours of training, representing an average 24 hours per employee and a budget of more than €26.7 million for the year.

■ Average hours of training by employee category

(Automobile Division manufacturing companies worldwide, at 31 December)

	Operators	Administrative employees, technicians and supervisors	Engineers and managers	Average
2005	30	43	36	33
2006	27	30	27	28
2007	28	29	25	28

The change in training hours from one year to the next primarily reflects the increase or decrease in the number of hirings and the introduction of new teams or the launch of new vehicle or production projects.

■ Easing the transition to the working world

The hiring of young people under work/study contracts is actively encouraged in every host country. In 2007, for example, more than 4,000 people were hired under apprenticeship or skills-acquisition contracts. Work/study programs enable the Group to integrate people with or without prior qualifications. In accordance with the lifelong training agreement signed in 2005, these programs emphasize the formal recognition of skills through professional certification.

Today, these workplace integration processes and work/study certification programs are being actively expanded. In a commitment to offering a high-quality work-study experience, a large number of support media have been introduced, including a Handbook for Mentors and Apprenticeship Leaders, a primer to facilitate the integration of work/study participants and a dedicated work/study intranet portal. Moreover, in 2007, 4,400 school-approved interns worked in the Automobile, Finance and Transport & Logistics Divisions under the long-standing partnerships with local educational systems. By enabling young people to discover what it means to work in a company, these programs are facilitating their entry into the workplace.

An active vocational training partnership with France's National Education Ministry is supporting a wide variety of programs to prepare young people for careers in automotive manufacturing and retailing and to help bring them into the workforce with job-oriented training curricula.

In Slovakia, the partnership with the French National Education Ministry, the Slovak educational system and the French Adult Job Training Association (AFPA) was completed in late 2007 with the transfer of the country's first adult education program to four vocational schools in Trnava and Bratislava. Under the program, 34 Slovak teachers received the equivalent of 25,000 hours of training from a team of French instructors, and teaching materials worth €2.3 million were delivered to the participating schools. Some of the training modules were incorporated into introductory courses for Slovak students, which led to the creation of high school-level vocational degrees in automotive fields. Over the partnership's three-year existence, the system enabled 2,400 Slovak employees to attend a training course.

Peugeot Citroën do Brasil is partnering the "Formare" project, which offers teenagers 14 to 18 vocational training and citizenship basics. Under the project, which is certified by the Brazilian Ministry of Education and recognized by UNESCO, the company will train 20 teenagers from the Porto Real region a year.

In partnership with public and private-sector organisations, the Group is also participating in a large number of social integration programs that help to integrate people at social risk, orient and train young people and allow disabled people to play a productive role in the workplace. In France, nearly 114 such social integration programs were underway in 2007.

■ Retaining and motivating older employees

Employees over 50 comprise around 19% of consolidated headcount.

Retaining and motivating these "seniors" is one of the Group's socially responsible commitments described in the Global Agreement and the diversity and equal opportunity agreements. It is based on rightly recognizing their experience and expertise by continuing to offer them real opportunities for personal growth and salary increases in the years until they retire.

Ten years prior to their projected retirement date, older employees can participate in a career review, which enables them to define their personal profile and build a future action plan tailored to their aspirations.

The Group also regularly offers older employees training opportunities to help them adjust to technical and organisational change, and tracks their access to these programs every year.

To get older employees actively involved in transferring their key knowledge and skills to the next generation, the Group has implemented programs in which they serve as mentors and trainers. They are also asked to conduct training courses in Group skills-sets and jobs.

To guarantee compliance, performance indicators, such as raises, training opportunities and career orientation reviews, are regularly analysed with employee representatives.

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 programs and work-related health risk prevention programs.

Lastly, knowledge and skill transfers have been facilitated by the new job track management system and the development of mentoring programs.

The Human Resources Planning and Development agreement has also enabled the Group to offer employees nearing retirement the possibility of reducing their working hours in their last two years at work. If the employee agrees, these part-time hours may also include mentoring assignments.

■ Percentage of employees having a performance review in 2007

(Worldwide, excluding Faurecia, at 31 December 2007)

	France	Rest of Europe	Rest of the World	Total
Operators	71%	46%	31%	61%
Administrative employees, technicians and supervisors	52%	51%	55%	52%
Managers	87%	85%	73%	86%
Total	69%	52%	42%	62%

The annual performance review provides a valuable opportunity for employees to express their career aspirations.

■ Encouraging job mobility

Career development is based directly on the employee's on-the-job skills, practices and performance. More extensive use is being made of tools based on objective skills assessment and selection methods, thereby strengthening the effectiveness of the promotion and equal opportunity processes.

The vast array of jobs available within the Group provides a wide range of attractive paths to career advancement. In 2007, around 14% of Automobile Division employees were promoted or changed job categories during the year. More than 24% of managers have come up through the ranks.

Nearly 5,800 managers changed positions in 2007.

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 the six French labour unions.

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. In 2006 and 2007, these agreements enabled nearly 9,000 multi-skilled production operators to be promoted with an individual salary increase. The system will be extended to other skilled workers in 2008.

As planned, negotiations concerning career development opportunities for administrative employees, technicians and supervisors (ETAM) got underway in January 2008.

Job openings across the Group are posted on the Human Resources intranet site, which can be accessed by any employee, thereby helping to guarantee equal opportunity in the mobility process. Employees wishing to change jobs can also use the site to post their CV online.

SOCIAL DIALOGUE

■ Intensive social dialogue, capable of driving lasting innovation.

■ Respecting the right to organise

To foster more effective social dialogue in every host country, 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.

Agreements on the exercise of union rights signed in France (2001), Argentina (2003), Spain (2004), Slovakia (2006), Germany (2006), Brazil and Poland (2007) are designed to prevent any form of anti-union discrimination and to organize union activity (career management, funding and resources for union operation, freedom of movement, etc.).

Presented in June 2007, the first review of the implementation of the Global Social Responsibility Agreement emphasized that 97% of employees are represented in their company by unions or employee representative bodies.

■ A large number of new agreements

In 2007, nearly 100 agreements were signed, including 60 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.

■ Agreements signed worldwide

Examples of agreements signed in 2007 in the Group's leading host countries:

■ Argentina

- Production plant wage agreements, signed on 12 March, 7 May, 14 May and 13 June.
- Work organisation agreement for the introduction of a third or weekend shift at the production plants, signed on 7 and 14 May.
- Agreement concerning working conditions, unemployment and productivity for fixed-term contracts, signed for the Jeppener plant on 7 May.

■ Belgium

- Agreement concerning outplacement and headcount adjustment programs in the Finance and Accounting department, signed on 16 November.
- Agreement allowing drivers to count actual lorry loading times in their working hours, signed for Gefco Belgium on 1 October.

■ Brazil

- Collective bargaining agreements on working conditions and wage agreements, signed on 15 January and 10 December for the Barueri facility and on 30 November for the São Paulo site.
- Wage agreements signed for the Porto Real plant on 13 February.
- Agreement concerning training for the Employee Representation Commission, signed on 9 April.
- Agreement concerning the introduction of a third shift at the Porto Real plant, signed on 14 September.

■ Chile

- Convenio Colectivo 2007-2010 concerning working hours, raises, seniority and bonuses, signed for Peugeot on 1 October.

■ Spain

- Agreement limiting the use of temporary workers, signed for Citroën on 19 April.
- Agreement adjusting working hours to encourage childcare, signed for Peugeot on 5 June.
- Agreement modifying work schedules at the Vigo plant, signed on 14 May.
- Agreement rationalizing company transport procedures at the Madrid plant, signed on 30 October and 27 November.
- Agreement concerning the organisation of working hours, signed for Gefco Spain on 8 February.
- Agreement concerning the organisation of Gefco Spain's in-transit freight and logistics centre, signed on 20 June.

▪ **France**

- Amendment to the 8 March 2005 agreement concerning the personal growth and career development of production line operators, signed on 28 February.
- Wage agreement, signed on February 28.
- The human resources planning and development agreement, signed on 6 April, and its amendment, signed on 11 September.
- Group framework agreement on profit-sharing, incentive bonuses and employee savings plans, signed on 25 May.
- Amendment renewing the company agreement concerning gender equality and employment for women, signed on 14 November.
- Amendment to the agreement introducing new pension schemes, signed on 14 December.
- Agreement concerning mandatory annual negotiations, signed for Gefco France on 13 April.
- Agreement on the scheduling of actions, training programs, human resources planning and development processes and headcount adjustment programs, with a focus on the personal development of employees 45 and over, signed for Gefco France on 12 October.
- Wage agreement signed for Banque PSA Finance France on 28 February.
- Human resources planning and development agreement signed for Banque PSA Finance France on 31 July.

▪ **Germany**

- Work rules agreement for Peugeot Deutschland GmbH, signed in June.
- Flexibility/working time agreements for Peugeot proprietary dealerships, signed in July and August.
- Amendment to the 2006 compensation agreement for Citroën Deutschland GmbH, signed in October.
- Compensation agreements for Citroën proprietary dealerships, signed in October.
- Agreement on the Group supplementary retirement system signed for PSA Service Deutschland in September.
- Wage policy implementation agreement signed for PSA Service Deutschland in November.
- Agreement allowing the central works council to post its press releases on the company intranet, signed for Gefco Germany on 19 July.
- Agreement concerning restructuring of Gefco Germany's domestic groupage and part-load business, signed on 28 September.

▪ **Italy**

- Agreement concerning employee participation in foodservice costs, signed for Citroën in May.
- Agreement on the 2007 bonus grid, signed for Banque PSA Finance in September.

▪ **Poland**

- Agreements on the information and consultation procedures for the employee representative commission, signed in September for Peugeot and October for Citroën.

▪ **Slovakia**

- A collective agreement for the Trnava production plant, signed on 19 January.
- Amendment to the 2008 and 2009 collective agreement for the Trnava production plant, signed with the OZ KOVO union on 8 January 2008.

▪ **United Kingdom**

- Pay deal for staff and manual employees, signed on 24 January and 1 February.
- Agreement concerning employees at Gefco UK's Coventry facility, signed on 2 July.

■ Rigorously monitoring compliance

To ensure compliance with commitments, procedures for monitoring implementation have been defined, with commissions meeting regularly to analyse results using precise, measurable indicators. Any necessary changes or improvements are incorporated into amendments signed with employee representatives.

■ Social agenda

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

The dialogue process is structured according to a "social agenda," which is prepared in draft form every six months and then 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.

■ An international Group Works Council

Since 1996, employees across Europe have been represented by the Group Works Council, which serves as the primary forum for dialogue and discussion with employee representatives concerning the Group's business, financial and employee relations strategy, performance and outlook, as well as the major transformations underway at subsidiaries in the European Union.

It is also involved in the contractual agreement process, in particular through application of the Global Social Responsibility Agreement, which broadened its membership to Argentine and Brazilian representatives.

■ Fostering dialogue in the workplace

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

To facilitate team management and dialogue, all of the Group's production plants have been organized 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 research and development facilities and departments.

Participatory management programs encourage employee initiative and involvement at every level and in every business, to nurture a culture of continuous improvement. In 2007, for example, nearly 180,000 suggestions were submitted by operators, administrative employees, technicians and supervisors via the Déclic system.

☞ Another participatory innovation initiative is presented on page 47 of the Sustainable Development and Annual Report.

■ Employee information, participation and satisfaction

Employees are kept regularly informed through newsletters, bulletin board postings, intranet sites and a variety of other media. Since 2007, employees worldwide can access a new, expanded, more interactive version of the Net'RH human resources intranet in French, English and Spanish.

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

In the Automobile Division in France, employee opinion surveys are carried out every year to gauge employee perception of the Group's human resources policies, including those covering diversity and gender equality issues.

Results have improved steadily over the years, with the 2007 survey confirming that employees are satisfied in the areas of safety, work organisation, benefits and job fulfilment.

Satisfaction surveys are also conducted in Argentina, Austria, the Benelux countries, Brazil, the Czech Republic, Poland, Portugal, Spain and the United Kingdom.

■ Minimum notice periods prior to changes

Unions and employee representative bodies are consistently informed and consulted before any major changes are undertaken in the Group, while employees are informed through regular procedures. Current agreements stipulate that, except in exceptional circumstances, employees must be informed at least two months ahead of any major planned change (such as new working hours) and one month ahead of the actual change.

Examples include "Human resources planning and development based on social dialogue" and "Support for corporate transformation programs outside France," presented above.

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.

The Group continued to demonstrate its commitment to equal opportunity in 2007. 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. The principle of non-discrimination was inserted into the procedures manuals of a number of units, such as Gefco subsidiaries in Turkey and Peugeot subsidiaries in Algeria, whose manuals now stipulate that hiring and career development are based solely on capability and merit.

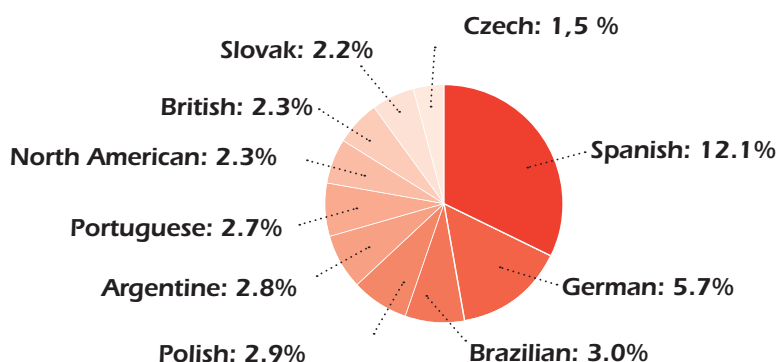
In France and Spain, joint labour-management diversity and equal opportunity oversight committees have been created to monitor effective application of the agreements. In France, the committee verifies that individual raises and promotions are awarded in the same proportions as the different categories tracked across the organisation, such as non-French nationals and employees over 50.

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 improvement, introduce a new training program and distribute a good practices guide to managers.

In France, PSA Peugeot Citroën was presented with the Corporate Cultural Diversity Award by the government's Action and Support Fund for Integration and the Prevention of Discrimination (FASILD). In 2006, it received the Diversity and Gender Equality Award in October, while in December, it was awarded the First Grand Prix for Diversity by France's Ministry for the Promotion of Equal Opportunity.

■ Top ten nationalities other than French represented in the Group

(Worldwide, at 31 December—percentage of total headcount)



In all, the Group employs 99,305 non-French nationals, or nearly 48% of global headcount, with 104 different nationalities represented.

■ Making gender equality a corporate strength

By expanding the range of skills and enabling a broader exchange of ideas, a gender-balanced workforce is beneficial to the Group's performance.

In France, the Group's commitment and achievements in the area of gender equality were recognized in January 2007 and early 2008, when the country's AFAQ AFNOR certification agency renewed its "Equal Opportunity Employer" label.

This made PSA Peugeot Citroën the first French company to have its national label renewed, after having been the first company to receive the distinction from the Ministry of Gender and Professional Equality in 2005.

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.

A study conducted as part of a doctoral dissertation at France's National Centre for Scientific Research (CNRS) showed that salaries are rising faster for women than for men, particularly among managers, and that there has been a significant increase in appointments of women to managerial positions in engineering, design and production.

The gender equality agreements signed in 2003 were followed by the signature, by all of the French unions, of innovative agreements on diversity and social cohesion, in 2005, and the Group's global social responsibility, in 2006. PSA Peugeot Citroën's labour relations policies have often been recognized by independent observers and socially responsible rating agencies for the quality of the dialogue they foster with employee representatives.

☞ The 2007 priority action "Gender equality in the workplace" is designed to ensure that individual raises and promotions are awarded to women in the same or higher proportion as their percentage in the workforce.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Gender equality in the workplace is also one of the priority actions to fulfil the ten sustainable development objectives for 2010.

■ Women employees under permanent or fixed-term contracts and percentage of women employees in the workforce over the past five years (Worldwide, at 31 December)

	2002	2003	2004	2005	2006	2007	% increase, 2002-2007
Operators	16,235	16,295	19,105	19,060	21,065	22,365	+37.8%
Administrative employees, technicians and supervisors	14,420	15,510	16,655	16,395	16,175	15,650	+8.5%
Managers	4,245	4,580	5,325	5,945	6,320	6,255	+47.3%
Total	34,900	36,385	41,085	41,400	43,560	44,270	+26.8%
% of total headcount	17.6%	18.2%	19.8%	19.8%	20.6%	21.3%	

PSA Peugeot Citroën's commitments to gender equality were first expressed in the 12 November 2003 agreement on gender equality and employment for women. As a result, 2002 has been chosen as the reference year.

Women account for 18.6% of engineers and managers, 29.6% of administrative employees, technicians and supervisors (ETAM) and 18.4% of operators.

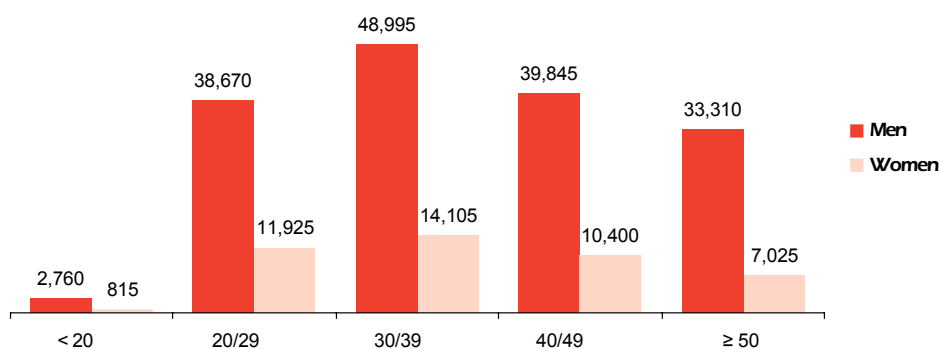
Gender balance by region

(Worldwide, at 31 December 2007)

	France		Rest of Europe		Rest of the World		Total	
	Women	Men	Women	Men	Women	Men	Women	Men
Automobile Division	15,520	74,005	6,590	28,415	1,125	8,690	23,235	111,110
Banque PSA Finance	480	355	695	710	30	60	1,205	1,125
Gefco	1,610	3,590	1,280	2,680	170	650	3,060	6,920
Faurecia	3,805	12,960	7,900	20,225	4,690	10,185	16,395	43,370
Other businesses	360	1,025	15	30	–	–	375	1,055
Total	21,775	91,935	16,480	52,060	6,015	19,585	44,270	163,580

Employees under permanent or fixed-term contracts by age group and gender

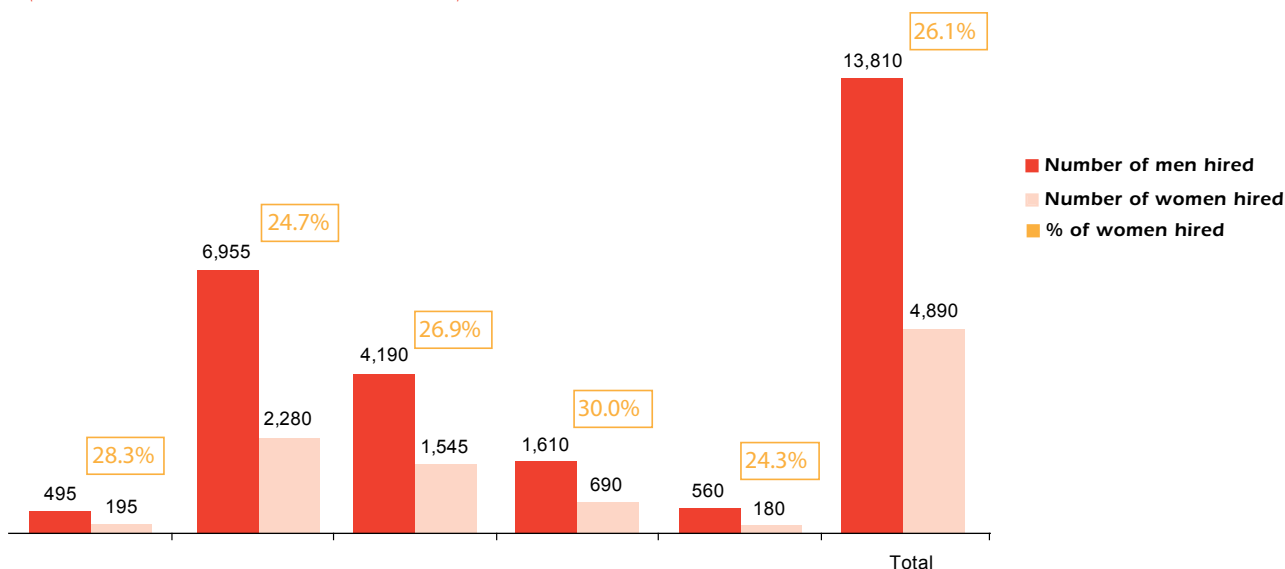
(Worldwide, at 31 December 2007)



The large number of people hired since the late 1990s have completely transformed the Group's age pyramid.

New employees hired under permanent contracts by age group and gender and percentage of women among new hires

(Worldwide, at 31 December 2007)



SOCIAL /// Human rights and ethical practices

Gender equality and diversity

The Group's commitment to gender equality is clearly demonstrated in its hiring practices. In 2007, for example, women accounted for 26.1% of the total number of new employees hired under permanent contracts by the various divisions worldwide, versus 28.1% in 2006.

In France, of the 2,436 engineers and managers hired from 2005 to 2007, 583 were women, 125 were non-French, 204 were visible minorities, 92 were from sensitive urban areas and 87 were over 45.

These results also reflect a wide range of initiatives – such as a new best practices guide for recruiters, non-discriminating job descriptions and notices, the use of anonymous CVs, Assessment Centres, and discrimination sensitivity training – all supported by 16,000 hours of awareness building courses.

In particular, simulation-based hiring procedures – which enable recruiters to judge applicants on their abilities rather than on their diplomas or experience – have been used to hire nearly 5,000 people in France since 2004, of which almost 31% have been women. Introduced in France in partnership with the National Employment Agency, the practice has now been extended to Spain, Slovakia and Brazil.

External audits are regularly conducted at the Group's request, including one by France's anti-discrimination oversight agency, whose testing of the hiring process confirmed that the principles of non-discrimination were effectively applied.

■ Improving gender equality in the executive suite – percentage of women managers by age group

(Worldwide, at 31 December 2007)

	< 30	30/39	40/49	≥ 50
Number of women managers	1,640	2,755	1,185	675
Total number of managers	5,555	12,750	9,010	6,335
% of women managers	29.5%	21.6%	13.2%	10.7%

The percentage of women among new hires and total headcount has increased in every employee category. Today, nearly 30% of managers under 30 are women, compared with nearly 11% of managers over 50.

■ Percentage of women managers, 2002-2007

(Worldwide, at 31 December)

	2002	2003	2004	2005	2006	2007
Percentage of women managers	15.2	15.3	16.5	17.3	17.9	18.6

■ Senior executives

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 include two French women.

Two of the Executive Committee members are aged 30 to 49 and the others are over 50.

📄 Additional information is available in the Registration Document, Chapter 3 page 13: Corporate Governance.

SOCIAL /// Human rights and ethical practices

Gender equality and diversity

At PSA Peugeot Citroën, "senior executives" include the members of the Expanded Executive Committee, along with the executives and senior managers in charge of adapting and implementing the Group's strategic vision, policies and programs.

	< 30	30/49	≥ 50
Men	–	358	382
Women	–	20	18
Total	–	378	400

Nationality	Number
French	678
Spanish	36
British	11
Argentine	11
Belgian	8
Brazilian	7
German	6
Italian	6
Swiss	5
Portuguese	3
Austrian	2
Dutch	2
Polish	1
Moroccan	1
Chinese	1
Total	778

■ 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.

Signed in France in September 2005, the agreement on the social and professional integration of disabled persons has extended prior agreements that supported the development of policies to help disabled employees retain their jobs, prevent disabilities and enable the disabled to play a productive role in the workplace. The agreement supports other initiatives to promote equal opportunity within the organisation. Similar agreements have also been signed in Argentina and Brazil.

On 5 October 2007, the Group's commitment to hiring the disabled was recognized during the third International Diversity Summit organized by the Institut International de l'Audit Social in partnership with the National Association of Human Resources Directors (ANDRH). The prize was awarded by representatives of France's High Authority to Fight Discrimination and Promote Equality (HALDE).

■ Disabled employees

(Worldwide, excluding Faurecia, at 31 December)

	France	Rest of Europe	Rest of the World	Total
Automobile Division 2007	5,890	635	55	6,580
2006	5,590	720	35	6,345
2005	5,395	645	35	6,075
Banque PSA Finance 2007	5	15	–	20
2006	5	15	–	20
2005	–	15	–	15
Gefco 2007	125	50	–	175
2006	105	40	–	145
2005	110	40	–	150
Other businesses	95	–	–	95
2006	95	–	–	95
2005	45	–	–	45
Total 2007	6,115	700	55	6,870
2006	5,795	775	35	6,605
2005	5,550	700	35	6,285

Worldwide, the Group directly employs 6,870 disabled people, as defined by local legislation. In all, 83% of disabled employees are operators, 14% are administrative employees, technicians and supervisors (ETAM) and more than 3% are managers.

In the Automobile Division in France, nearly 8.3% of employees are classified as handicapped (including sheltered workers under contract), compared with the 6% national rate that businesses are encouraged to reach.

Every year, more than €3.3 million is spent on programs related to hiring and retaining the disabled.

The above table does not include the 1,070 disabled people who work for Faurecia.

☞ The 2007 priority action “Diversity and equal opportunity” is designed to 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.
[Sustainable development website /// 2007 Priority Action Plan](#)

☞ Diversity and equal opportunity is also one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

■ Employee complaints alleging discrimination

(Worldwide, excluding Faurecia, in 2007)

Total complaints	23
The incident was resolved	19
The incident is being reviewed	2
Remedial action underway	1
Remedial action completed and outcomes reviewed	1

In 2007, 23 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.

- 9 complaints were accepted after investigation and resulted in further sensitivity training, and in some case disciplinary action, for the employees or managers concerned.
- 12 complaints were rejected after investigation, either by an outside authority or after further discussion with the employee.
- 2 complaints are still being reviewed by the Human Resources Departments concerned or by an outside authority.

HUMAN RIGHTS

■ The Global Social Responsibility Agreement

The Global Social Responsibility Agreement, which covers all of the Automobile, Finance and Transport & 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.

🔗 Global Social Responsibility Agreement: [Sustainable development website](#) /// [Publications](#)

The Agreement has formalized 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.

In Brazil, the Group's social responsibility process was honoured with the Corporate Citizenship Award, while in France, it received an award for the Best Global Social Responsibility Policy in February 2007.

■ Upholding fundamental human rights

Through its pledge to uphold the Global Compact and its publication of a Code of Ethics, PSA Peugeot Citroën has reaffirmed its commitment to respecting fundamental human rights.

By signing the Global Social Responsibility Agreement, the Group wanted to take this commitment to the next level, by gaining the support of local unions and international labour federations.

The Global Agreement expresses PSA Peugeot Citroën's commitment to human rights. It covers support and respect for human rights, refusal to accept complicity in human rights abuses, freedom of association, 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.

None of the Group's subsidiaries have ever been convicted of involvement in human rights violations or the use of forced labour.

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/Overview/rights.html>

■ Training in human rights policies and procedures

(Worldwide, excluding Faurecia, in 2007)

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.	7,100	4,765	35	10
Global Agreement, Code of Ethics, etc.	13,915	10,020	565	1,015
Corruption and conflicts of interest, etc.	235	275	–	–
Other	1,070	500	130	15
Total	22,320	15,560	730	1,040

In 2007, some 15,560 employees, or 11% 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, whose attendance was mandatory 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 program, such as the orientation training for young hires.

As part of the deployment of the Global Social Responsibility Agreement, every employee was informed of the Group's commitments to respect and promote human rights through presentation meetings, posters, brochures and other awareness-building exercises. 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, the text of the Universal Declaration of Human Rights, the Global Compact's ten principles, etc.

▪ Uphold the freedom of association and the effective recognition of the right to collective bargaining

This commitment is being fulfilled by Group subsidiaries, 52% of which have defined at least one priority action plan to broaden and deepen their social dialogue process and remind employees of their right to collective bargaining.

Certain subsidiaries that do not have any employee representation bodies have focused on informing employees about their company's financial performance, key company and corporate news and company projects.

▪ The effective abolition of child labour

This commitment is being fulfilled by Group subsidiaries, 41% of which have defined at least one priority action plan to enhance their ability to offer work/study programs and internships.

All of the subsidiaries comply with local legislation. The commitment is being expressed through the Group's hiring processes and standards and through the international deployment of the Recruiter's Handbook.

All new hires are systematically checked by the Human Resources Department, with specific verifications in place for people under 18.

▪ Elimination of all forms of forced and compulsory labour

No subsidiary has ever been convicted of any alleged involvement in the use of forced labour.

■ 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.

The principles in the Global Agreement have been integrated into the general purchasing conditions. A guide to the Group's social and environmental standards has been published and distributed to the 1,000 largest suppliers, who must formally agree to comply with International Labour Organisation principles. All suppliers and subcontractors are expected to comply with these standards, as well as to ensure that the initiative is embraced by their own suppliers, in accordance with the principles of the extended enterprise.

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. Audits were performed in 2007.

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 standards 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 programs. In addition, all employees are paid profit-shares based on the Group's financial performance.

■ Partnerships in host countries and communities

The Global Social Responsibility Agreement also covers the Group's contribution to the economic and social development of host communities, in particular by using 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.

▪ Rights of indigenous peoples

This commitment is being fulfilled by Group subsidiaries, 73% of which have defined at least one priority action plan to implement or improve training, awareness-building and other processes in these issues.

Several subsidiaries have prepared or updated a procedures manual to integrate the refusal of all forms of both discrimination and sexual or moral harassment. In other countries whistle-blowing procedures have been introduced to report suspected discrimination or abusive situations, with some subsidiaries appointing a special officer to deal with these issues. Lastly, subsidiaries have also encouraged managers to attend sensitivity training.

▪ **China: an example of local engagement**

PSA Peugeot Citroën pays particular attention to fulfilling its commitments when creating new subsidiaries or operations in countries at risk of abusing human rights.

In China, for example, the Group is promoting its social responsibility policies by giving employees a Chinese-language version of its Code of Ethics and by presenting and explaining the Code to its local production partner. At the same time, a project was undertaken in 2006 to raise employee awareness of the Group's sustainable development process.

In March 2007, DPCA was the only Chinese automaker to publish an annual sustainable development report, which was updated in March 2008.

It addresses the following corporate social responsibility issues:

- Human rights, with the right of employees to participate in the company's democratic management ensured by the Employee Representatives Assembly, the Oversight and Control Committee for the application of laws and regulations and the Proposal Response Committee. A collective agreement has been signed and a social dialogue process is now underway among all of the stakeholders.
- Working hours, in strict compliance with State regulations, the right to personal leave in the event of exceptional events and paid summer holidays.
- Health and safety, by i) setting targets for the reduction of workplace accidents; ii) implementing such measures as an empowerment and accountability system and a safety management system; iii) introducing safety standards; iv) increasing the number of safety training courses and awareness building exercises; v) conducting safety audits; and vi) providing regular employee medical check-ups.

These policies have led to some very encouraging outcomes:

- Employee well-being, through competitive compensation policies that offer a higher minimum wage than mandated by the local government. Health, pension and other benefits, with the company helping to finance pension schemes, unemployment insurance and health insurance.
- Women's rights and benefits, in particular by preventing any discrimination and implementing special protection programs in compliance with labour laws and regulations protecting women workers.
- Upward mobility policies, through job promotion opportunities, a career development system and a skills promotion plan.

The company helped to organise a corporate social responsibility seminar for students and journalists at the Media Institute of China, which was led by Dennis Driscoll, a professor at the National University of Ireland, Galway and a widely recognised expert in CSR issues.

For the past three years, DPCA has been a member of the China Business Council for Sustainable Development (CBCSD), a leading Chinese social responsibility and sustainable development association.

The Group has also fulfilled its commitment to supporting education by financing a "Science Bus," the top-to-bottom renovation of a school, the installation of a school's computer room (whose inauguration was covered by the Chinese media) and scholarship grants to underprivileged students.

■ **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.

To maintain forward momentum, each subsidiary defined three priority two-year action plans focusing on the prevention of discrimination and the promotion of equal opportunity, safety and health issues, freedom of association and recognition of the right to collective bargaining, and the acquisition of emerging skills through employee training and education.

Several subsidiaries have prepared or updated a procedures manual to integrate the refusal of all forms of both discrimination and sexual or moral harassment. In other countries whistle-blowing procedures have been introduced to report suspected discrimination or abusive situations. Most subsidiaries have also encouraged managers to attend sensitivity training in these issues.

Health and Safety Committees have been created in subsidiaries where they were lacking, while safety audits and risk assessments have been undertaken to prepare for the implementation of prevention and compliance campaigns.

While all of the subsidiaries are fulfilling all of the Global Agreement commitments, each one was asked to define new action plans, with the goal of maintaining the Group's leadership in this area.

☞ The 2007 priority action "Deploy the Global Social Responsibility Agreement" is designed to review, on a Groupwide basis, application of the Global Agreement so as to define 2009 objectives and implement the related action plans.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Deploying the Global Social Responsibility Agreement is one of the ten sustainable development objectives for 2010.

■ **Driving continuous improvement with reporting systems and audits**

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.

An internal social audit was performed to develop self-assessment capabilities, while a number of internal controls have been put in place to track application of human resources policies and processes and verify the quality of social responsibility data.

OCCUPATIONAL ACCIDENTS

■ A total commitment to safety, health and working conditions

Because progress is impossible unless people can work safely, PSA Peugeot Citroën believes that the only acceptable work environment is one that is accident-free.

Moreover, this uncompromising focus on safety must be the same in every country and every business.

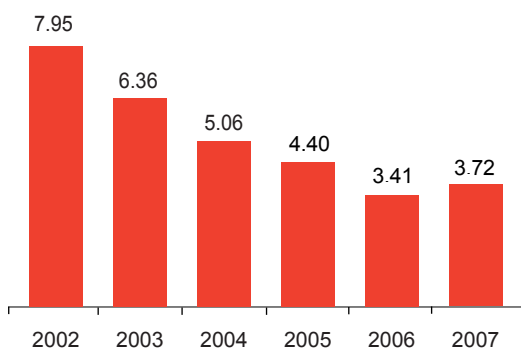
■ Workplace safety is everyone's priority

Now deployed at every plant and facility worldwide, 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.

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

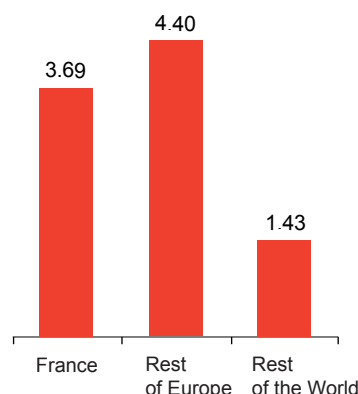
Total lost-time incident frequency rate

(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 2007)



In 2007, more than €61 million was spent on safety and on improving working conditions in the Group (excluding Faurecia).

Over the past five years, the Workplace Safety Management System has driven a 50% reduction in the number of workplace accidents.

After improving sharply in 2006, safety performance slipped somewhat in 2007, with a lost-time incident frequency rate of 3.72 versus a targeted 3.1. This was the first decline in the Group's safety performance since 2003.

On the other hand, the recordable incident frequency rate declined to 16 from 16.9 in 2006, while the first-aid frequency rate fell to 61 from 69 the year before. These improvements demonstrate that the number of incidents is declining, but that there was a growing tendency in 2007 to take sick leave after the accident.

Among the manufacturing facilities, the Mangualde, Madrid and Vigo plants met their targets and improved their safety record during the year.

The two brands' dealerships and sales subsidiaries also met their objective for the year, reducing the lost-time incident frequency rate to 5.39 from 5.88 in 2006. The decline reflected a sustained strong performance at Peugeot (5.16) and a sharp improvement at Citroën (5.60).

SOCIAL /// Working conditions

Occupational accidents

The Group is committed to pursuing the steady improvement and reducing the Groupwide LTIF rate to 2.4 by 2010.

A new safety awareness program was implemented in 2008.

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

New programs undertaken in 2007, for example, are raising awareness of how informed observation can help to prevent accidents.

In Slovakia, labour legislation requires companies to set up a safety and working conditions committee. PSA Peugeot Citroën, however, took this system to the next level by creating a local committee in each workshop to encourage more extensive involvement and foster a strong workplace safety culture.

Gefco is committed to applying Group directives concerning workplace risk management in all its host countries. In particular, it has focused on assessing specific risks, such as chemical risks, in "TLA" workshops, especially in Turkey and the Benelux countries. Risk assessments have also been performed for the processes and new buildings at the new logistics hubs in Ontigola, Spain and Podolsk, Russia.

☞ The 2007 priority action "Making safety everybody's business" is designed to reduce the lost-time incident frequency rate to less than 3, in the expanded scope of reporting.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Occupational safety is one of the priority actions to fulfil one of the ten sustainable development objectives for 2010.

Safety performance in 2007

(Manufacturing and sales units, worldwide)

	Sales units		Manufacturing units	
	Frequency rate	Severity rate	Frequency rate	Severity rate
European Union	6.15	0.19	3.22	0.28
Rest of Europe	1.08	0.02	–	–
Africa	8.74	0.24	–	–
South America	1.27	0.02	1.14	0.09
North and Central America	–	–	–	–
Asia	2.33	0.00	–	–
Total	5.79	0.18	3.07	0.27

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

	France	Rest of Europe	Rest of the World	Total
Automobile Division	1	–	–	1
Other businesses	–	–	–	–
Total	1	–	–	1

The fatal accident in the Automobile Division in France concerned a workplace suicide in a production facility.

■ Extending compliance with labour and safety practices to outside contractors and temporary employment agencies

Workplace organisation takes into account the significant on-site presence of people employed by service providers, facilities maintenance companies, construction companies, suppliers and other outside contractors.

Without taking on their legal responsibility, the Group ensures that these companies also comply with its labour and safety practices.

Safety conditions for contractor employees are the same as for Group employees. The Group's medical services provide first-aid and monitor follow-up care for contract and temporary employees who are victims of an occupational accident.

A Group-wide procedure clearly defines the applicable labour and safety guidelines and requirements. Guidelines for selecting contractors, integrating their teams, coordinating projects and ensuring buyer accountability have been established and compliance is being tracked by audits. These measures have led to a significant improvement in safety conditions. Between 2003 and 2007, for example, the number of workplace accidents occurring during the summer maintenance turnaround was reduced by half.

Important safety initiatives have also been undertaken with temporary employment agencies in France, as part of the temporary employment charter.

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

(Worldwide, excluding Gefco and Faurecia, at 31 December 2007)

	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
Number of occupational accidents (fatal and non-fatal)	661	1,166	66	30	–	–	727	1,196

There was one fatal accident in December 2007, concerning a contractor employee at a French production plant.

Gefco reported nine workplace accidents requiring first-aid that involved contract employees in Europe outside France and 49 incidents concerning temporary employees, of which 36 in France, nine in the rest of Europe and four in the rest of the world.

■ 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 days lost to accidents per thousand hours worked.

HEALTH POLICIES

■ An active commitment to health

Health in the workplace is a major challenge for both business and society as a whole. To meet it, in 2005, the Group implemented a Health Care Plan designed to help employees stay healthy throughout their careers.

The priority focus is on job-related diseases, which are covered by active prevention programs in every plant and facility. In recent years, other programs 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).

The Group's medical teams are also deeply involved in preventing certain diseases and diagnosing non-work related risk factors capable of negatively impacting employee health. They provide regular screening for glaucoma, certain types of cancer and hepatitis C, and manage a number of preventive programs, such as flu vaccinations and support for employees who want to quit smoking.

Other campaigns are helping to raise employee awareness of the importance of proper diet and physical exercise. Launched in 2006, the Santal+ program is continuing to provide nutritional advice to employees in offices and plants in the Paris area, Rennes, Trémery and Mulhouse. In Brazil, conferences are regularly held on such issues as balanced nutrition and sports activities, while a well-being and nutritional program has been introduced in the United Kingdom.

As part of an information campaign, the Group's medical teams are distributing documents on the risks involved in smoking, drug abuse, foreign travel, AIDS and alcohol abuse.

■ Health-related programs underway in the Group

The following table shows examples of the main health-related programs underway in the Group.

Beneficiary	Educational programs	Preventive programs	Assistance programs	Treatment programs
Employees	<ul style="list-style-type: none"> - Awareness-building campaigns and distribution of brochures addressing a variety of health and safety issues (AIDS, smoking, Santal+ healthy eating program, back problems, hepatitis, etc.) - Safety training (first-aid, rescue, fire, chemical risks, etc.) - Etc. 	<ul style="list-style-type: none"> - Vaccination campaigns (flu, tetanus, etc.) - Medical examinations (check-ups, eye tests, testing for various diseases, such as cardiovascular disease, diabetes and cancer, etc.) - Access to outside psychological counselling, freephone hotline for employees in distress, etc. - Prevention campaign (AIDS, smoking, Santal+ healthy eating program, back problems, hepatitis, yellow fever, etc.) - Etc. 	<ul style="list-style-type: none"> - Onsite occupational physicians - Social workers - Psychologists and psychological counselling units, freephone hotline. - Expenditures to improve safety and prevention - Health advice and care, support plan, medical assistance - Healthcare insurance - Specialised organisations - Etc. 	<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 programs - Inquiries, audits, etc. - Etc.
Employee families	<ul style="list-style-type: none"> - Distribution of monthly health reports - Awareness-building campaign - Etc. 	<ul style="list-style-type: none"> - Medical check-ups - Health insurance - Vaccination campaign - Etc. 	<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 - Assistance in the event of serious illness, psychological counselling for children whose parent has been in an accident, support plan, etc. - Etc. 	<ul style="list-style-type: none"> - Financial assistance for parents of employees in an accident - Mutual insurance plan, medical insurance, hospital insurance, etc. - Etc.
Local communities	<ul style="list-style-type: none"> - Awareness-building campaign (participation in various events, open-door days, etc.) - Prevention plan - Etc. 	<ul style="list-style-type: none"> - Home accident prevention program - 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 programs - 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.

Certain employees are more at risk of specific occupational illnesses, such as musculoskeletal disorders of the upper limbs, musculoskeletal disorders of the spine, asbestos-related occupational illnesses and hearing loss. For each one, Groupwide action plans have been implemented.

Occupational illnesses by region

(In %, worldwide, excluding Faurecia)

	France	Rest of Europe	Rest of the World	Total
Musculoskeletal disorders of the upper limbs	64	4	1	69
Musculoskeletal disorders of the spine	6	2	–	8
Asbestos-related occupational illnesses	6	–	–	6
Hearing loss	6	1	–	7
Other	8	2	–	10
Total	90	9	1	100

Worldwide (excluding Faurecia), 485 employees filed claims for occupational illnesses in 2007, compared with 496 in 2006. Of these, 69% concerned illnesses related to musculoskeletal disorders of the upper limbs, 8% musculoskeletal disorders of the spine, 6% asbestos-related illnesses and 7% hearing loss. Another 10% concerned other illnesses.

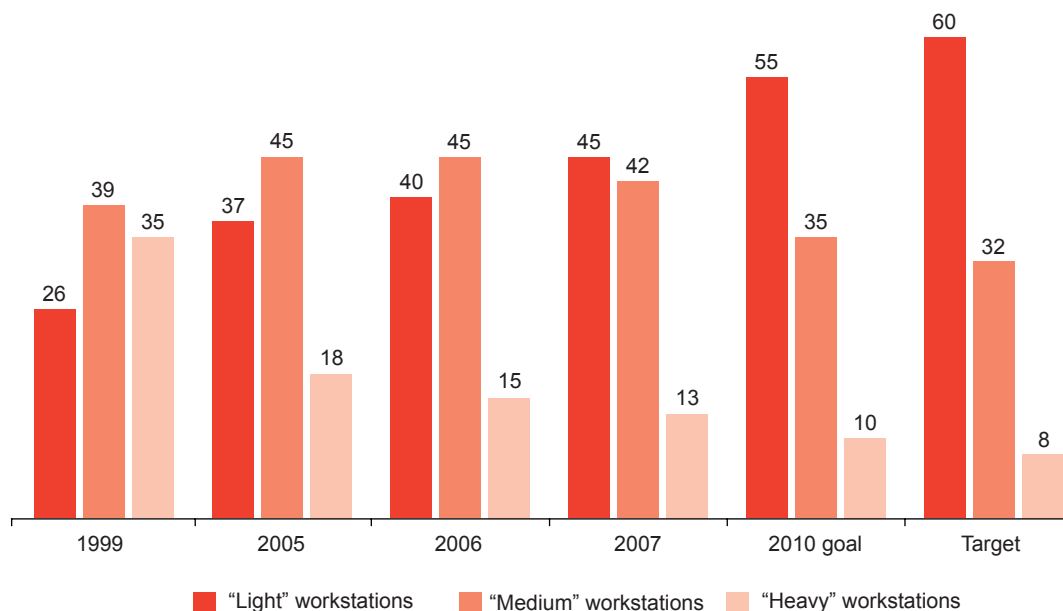
■ A constant focus on improving working conditions

PSA Peugeot Citroën wants to ensure that every employee works in an environment meeting the highest international standards. This commitment is reflected in the agreement on improving working conditions signed in France in 2001, whose provisions are being directly applied both in new vehicle development projects and in the deployment of new manufacturing processes.

Improvements in workstation ergonomics are being designed into new projects using the proven METEO method. This process is being led by multi-disciplinary teams, comprising occupational physicians, engineers, safety technicians, ergonomists and managers, whose interlocking expertise is playing a critical role in reducing the hardship of certain workstations.

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

(Automobile manufacturing units, worldwide)



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 45% in 2007 from 26% in 1999. Light workstations foster employability and enable employees nearing retirement or with medical restrictions to remain on the job. The 2010 objective is to have light workstations account for 55% of the total and heavy workstations less than 10%, as rated by the METEO method.

This process will be pursued until light workstations account for 60% of the total.

■ Other improvements

In addition to easing the physical demands on workstation operators, the Group has initiated a study of the mental demands they endure, so as to assess the hardship of their work and its impact on the quality of their output.

PSA Peugeot Citroën is also committed to optimizing the management of chemical risks by using a Health Safety Protection database and an air quality surveillance plan. These preventive measures leverage advanced technology and systems to effectively address the need to protect employees.

■ Preventing psychosocial risks

PSA Peugeot Citroën is committed to preventing psychosocial risks and stress in the workplace and to supporting employees suffering from any form of psychological distress.

In France, an action plan was implemented in 2007 both to extend existing programs and best practices and to deploy new ones, such as the creation of early detection and intervention units at every site and the introduction of a freephone psychological assistance and support hotline for employees in distress.

The next phase will be to understand and assess key stress factors, determine how stressed employees actually feel and identify the action points to effectively attenuate workplace stress.

Specialists have been consulted and an initial survey has been underway since late 2007 in three facilities, in Sochaux, Mulhouse and Vélizy. The findings, which will be reported in spring 2008, should enable the Group to determine the most significant factors, assess the degree of stress they generate, identify the most vulnerable employee categories and define an action plan.

■ Building employee safe driving awareness

Another way to help protect employees' physical health and safety is to instil safe driving practices. As a carmaker, PSA Peugeot Citroën is particularly sensitive to this issue, especially since safe driving programs also foster a general culture of safety in the workplace.

These programs focus primarily on preventing accidents that may occur during business travel or other work-related occasions, but also during commutes or anytime when the employee is on the road.

Working with employee representatives, the Group is preparing an occupational road risk prevention manual to support action in five major areas: i) limiting and optimizing work-related road travel; ii) offering employees safe, appropriate means of transport and helping to develop highway infrastructure; iii) empowering managers to improve the driving habits of travelling employees; iv) raising employee road risk awareness through assertive communication campaigns that encourage better driving practices; and v) training and empowering employees most exposed to road risks.

The action plans are scheduled for launch in 2008, following initiatives like the four-hour motorcycle courses offered in the Vélizy Centre parking lot and attended by around 100 employees during a week in June 2007. The Centre is planning to offer the same course to anyone using a two-wheel vehicle, with the result that an additional 200 riders will be trained in 2008 and 2009.

In a similar commitment, the Rennes-la-Jannais plant organised a large number of safe driving awareness programs during the year. During National Road Safety Week in October, more than 9,500 information brochures were distributed to plant employees, while during the same month free headlight adjustments were offered to nearly 380 employees in partnership with France's highway safety agency.

To promote safe driving, Gefco once again organised a "Good Driver Contest" in France and Switzerland, as well as offered several employee safe-driving courses in Slovakia and the Benelux countries and developed road risk prevention training modules in Italy.

■ Commuting accidents

(Manufacturing and R&D units, France, at 31 December)

	2005	2006	2007
Frequency	2.9%	3.2%	3.2%

☞ The 2007 priority action plan "Improve road safety for employees" is designed to prepare a comprehensive, assertive action plan with stakeholders.

[Sustainable development website /// 2007 Priority Action Plan](#)

☞ Raising awareness of road safety issues is one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

☞ The 2007 priority action "Help to improve road safety in China" is designed to support trials at pilot road safety training centres in Hubei

[Sustainable development website /// 2007 Priority Action Plan](#)

☞ Road safety in China is one of the 2008 priority actions to fulfil one of the ten sustainable development objectives for 2010.

■ Paid absences other than vacation

(Worldwide, 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	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
2005	3,967,120	804,800	1,794,510	615,520	173,965	49,565	5,935,595	1,469,885
Banque PSA Finance	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
2005	26,650	56,010	62,675	43,195	–	1,385	89,325	100,590
Gefco	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
2005	265,335	98,150	238,780	30,595	1,775	2,035	505,890	130,780
Other businesses	83,890	12,960	2,520	1,625	–	–	86,410	14,585
2006	84,860	16,450	675	2,190	–	–	85,535	18,640
2005	94,475	8,705	2,615	505	160	80	97,250	9,290
Total 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
2005	4,353,580	967,665	2,098,580	689,815	175,900	53,065	6,628,060	1,710,545

Paid absences other than vacation totalled 9,179,990 hours, of which 7,200,180 for sick leave, 825,195 for maternity leave, 519,620 for accident-related absences and 634,995 for other reasons.

Based on the nearly 265 million hours worked, the overall absenteeism rate stood at around 3.5% for the year.

JOINT MANAGEMENT-WORKER HEALTH AND SAFETY AGREEMENTS AND COMMITTEES

PSA Peugeot Citroën complies with International Labour Organisation recommendations concerning workplace health and safety and fulfils 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
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
France	Health, Safety and Working Conditions Committee	- Employer representative - Safety manager - Employee representatives - Union representative - Occupational physician - Representative of the regional health insurance fund
Germany	Safety Committee	- Employer representatives - Safety manager - Works council member - Auditors
	Health and Safety Commission	- Employer representatives - Safety manager - Qualified safety officer - Employee representatives - Occupational physicians
Italy	Prevention and Protection Services	- Employer representative - Employee representatives - Medical team (physician) - Prevention and Protection Services Manager
Netherlands	Works Council Security and Social Issues Assistance Team	- Management - Works Council representative
Poland	Health and Safety Committee	- Country HR manager - Personnel administration officer, HR department - Employee representatives - A manager - Occupational physician
	Workplace Safety and Health Commission	- An outside specialist in workplace health and safety - Company representatives - A specialist in workplace safety and health - A physician
Portugal	Health and Safety Commission	- Employer representatives - Employee representatives - Occupational physician - Workplace safety and health manager
Slovakia	Working Conditions Committee	- Production centre chief executive - Employer representatives - Employee representatives
	Local Working Conditions Committee in each operating unit and support function	- Operating unit chief executive - Personnel manager - Prevention officer - Employee representatives
Spain	Safety and Health Committee	- Employer representatives - Employee representatives
United Kingdom	Safety and Health Committee	- Employer representatives - Employee representatives

More than 95% of Group employees (excluding Faurecia) are represented by joint management-worker health and safety committees.

■ Health and safety agreements

With the 1 March 2006 signature of the Global Social Responsibility Agreement with the International Metalworkers' Federation (IMF), the European Metalworkers' Federation (EMF) and unions in its leading host countries, PSA Peugeot Citroën has formalized its commitment to improving safety and working conditions in its operations around the world.

Health and safety agreements have been signed in a number of host countries, including:

■ Argentina

- Agreement on integrating the disabled, signed on 22 December 2005.
- 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.

■ France

- Agreement on improving working conditions at Peugeot Citroën Automobiles S.A. signed on 8 March 2001.
- 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.
- Agreement concerning the supplemental insurance coverage plan, signed on 21 July 2005.

■ Germany

- Agreement concerning eyesight testing for employees working with display screen equipment, signed at Citroën in April 2005.
- Agreement on an inside 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 programs, 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.

■ Slovakia

- Collective agreement setting up an insurance system, improving working conditions and safety, etc. at the Trnava production plant, signed on 19 January 2007.

■ Spain

- Agreement concerning domestic violence, signed on 11 March 2005.
- Agreement on maternity benefits, signed on 19 October 2005.
- Agreement on improving working conditions at the Group's operations in Spain, signed on 23 February 2006.

COMPENSATION PRACTICES

■ Competitive, performance-based compensation

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.

■ Total payroll by region

(Worldwide, excluding Faurecia, at 31 December)

In 2007, total payroll costs (excluding Faurecia) came to €6,893,925,000 including wages and salaries of €4,947,448,000 and payroll taxes of €1,946,477,000.

Year				(in € thousands)
	France	Rest of Europe	Rest of the World	Total
2002	4,662,481	1,415,349	80,110	6,157,940
2003	4,824,888	1,462,711	66,401	6,354,000
2004	5,107,033	1,502,183	77,303	6,686,519
2005	5,181,133	1,505,043	104,379	6,790,555
2006	5,074,551	1,557,954	147,167	6,779,672
2007	5,114,073	1,569,748	210,104	6,893,925

A large number of wage agreements are signed in most host countries every year. In 2007, for example, 23 agreements were signed with unions in Argentina, Brazil, Chile, France, Germany, the United Kingdom and other countries. These agreements not only maintain purchasing power, especially for the lowest wage categories, they also provide for individual performance-based bonuses for the most productive employees.

Wage agreements have been signed with almost all of the Group's local unions. In Spain, for example, the recently signed collective agreements known as convenios have been ratified by three of the four unions at the Vigo plant, four of the five unions at the Madrid plant and all of the unions in the sales subsidiaries.

In France, wage agreements since 1999 have been signed by four or five of the six local unions, representing substantially more than 50% of employees.

■ Group minimum wage versus local statutory minimum wage, by country in 2007

(Worldwide, excluding Gefco and Faurecia, base 100)

Country	Group minimum wage versus local statutory minimum wage (base 100)	Local statutory minimum wage
Austria	107.70	Minimum wage set by industry collective agreements
Argentina	176.58	Statutory minimum wage (vital y mobil del país)
Belgium	113.94	Minimum wage set by joint labour/management commission
Brazil	252.37	Local statutory minimum wage
France	124.95	Local statutory minimum wage
Germany	N/A	No statutory minimum wage
Italy	112.47	Industry minimum wage
Netherlands	114.53	Local minimum wage (for people over 23)
Poland	167.21	Local statutory minimum wage
Portugal	124.07	Local statutory minimum wage
Slovakia	186.72	Local statutory minimum wage
Spain	105.02	Local statutory minimum wage
Swiss	N/A	No statutory minimum wage; no industry agreements
United Kingdom	100.00	Local minimum wage (for people over 22)

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.

■ Improving gender equality and employment for women

In France, a company agreement signed in 2003 and amended in 2007 is designed to guarantee gender equality in the Group's compensation and career development practices.

Indicators based on the statistical tracking of individual raises and promotions are regularly presented to employee representatives during meetings of the Agreement Monitoring Commission and the Diversity Oversight Committee.

These indicators show that since 2003, the average monthly salary in every job category was the same for men and women with the same grade or job classification.

☞ The 2007 priority action "Gender equality in the workplace" is designed to ensure that individual raises and promotions are awarded to women in the same or higher proportion as their percentage in the workforce.
[Sustainable development website](#) /// [2007 Priority Action Plan](#)

☞ Gender equality in the workplace is one of the priority actions to fulfil the ten sustainable development objectives for 2010.

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

(Peugeot Citroën Automobile France, in 2007, base 100)

The ratio of the average salary of men to women with the same job classification

Operators/ETAM	Ratio of the average salary of men to the average salary of women, base 100
170	100.7
175	100.8
180	100.9
185	101.8
190	99.2
195	99.2
200	100.1
215	98.6
225	99.1
240	101.4
255	102.3
270	99.6
285	98.2
305	97.4
335	94.6

In France, women operators and ETAMs received a higher average increase in compensation (across-the-board raises, individual raises and promotions and increases in seniority bonuses) than men in 2007, at 2.92% for women and 2.86% 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 2007, 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)

	Ratio of the average salary of men to the average salary of women, base 100
Managers	
C managers	102.1
K92	100.8
1	101.1
2	102.2
3A	100.9
3B	99.7
3C	121.1

Other countries

	Ratio of the average salary of men to the average salary of women, base 100				
	Argentina	Brazil	Spain	Portugal	Slovakia
Managers					
Executives	N/A	89.0	92.0	N/A	N/A
Managers	N/A	105.4	114.6	105.5	91.6
Senior managers	103.64	108.3	108.5	117.5	100.4

■ Performance bonuses

In 1999, the Group introduced individual incentive bonuses for executives who meet the priority objectives defined by senior management for the year. Redefined in a new version in May 2007, the performance bonus is based on meeting individual and unit objectives that encourage personal involvement and commitment to the Group's strategic vision.

EMPLOYEE BENEFITS

■ Enabling employees to share in the value they create

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.

■ Profit-sharing and incentive bonuses

(Worldwide, excluding Faurecia, at 31 December)

(rounded to the nearest million euros)	2005	2006	2007
Total France - profit-sharing and incentive bonuses (Group agreement)	113	65	109
Incentive and/or profit-sharing programs in other French subsidiaries	9	7	9
Incentive programs in foreign subsidiaries	19	15	20
Total	141	87	138

*Société Commerciale Citroën (SCC), Gefco and PMTC in 2007

Out of 2007 earnings, some €138 million was distributed to Automobile, Finance and Transport & Logistics Division employees worldwide in the form of profit-shares and incentive bonuses.

■ Offering diversified employee savings plans

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.

These plans provide a vehicle for employees to invest their profit-shares or incentive bonuses, as well as their own funds, by making voluntary contributions at any time during the year.

Since the creation of the diversified savings plan, the corporate savings plan in France 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.

The Group matches employee funds invested voluntarily in Company shares and in the long-term insurance-based saving plan, as well as incentive bonuses reinvested in Company shares.

■ Employee Savings Plans (PEAG, PED and PEP)

(Worldwide, excluding Faurecia, at 31 December)

	Employee contributions 1 Jan.–31 Dec. (in millions of euros)		Employer contributions 1 Jan.–31 Dec. (in millions of euros)		Number of employees investing 1 Jan.–31 Dec.*	
	2006	2007	2006	2007	2006	2007
Automobile Division	82.17	60.65	13.17	11.69	130,237	127,365
Banque PSA Finance	1.10	0.87	0.24	0.22	1,360	1,374
Gefco	1.48	1.59	0.59	0.56	1,606	1,852
Other businesses	0.40	0.40	0.09	0.11	503	537
Total	85.15	63.50	14.09	12.58	133,706	131,128

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

In countries where this system is offered, Group paid nearly €13 million in matching contributions into local plans in 2007.

■ International employee savings plan

(Worldwide, excluding Faurecia, at 31 December)

To harmonize compensation policies across the Group, employee savings plan have also been introduced in other countries, starting with Spain in 2002, followed by the United Kingdom and Germany in 2003 and Portugal in 2006.

	Employee contributions (in millions of euros)		Employer contributions (in millions of euros)		Number of participants	
	2006	2007	2006	2007	2006	2007
United Kingdom	2.02	1.49	0.66	0.49	1,527	1,116
Spain	0.72	0.45	0.25	0.16	1,993	1,579
Germany	0.61	0.63	0.19	0.20	1,344	1,454
Portugal	N/A	0.04	N/A	0.02	N/A	97
Total	3.35	2.61	1.10	0.87	4,864	4,246

☞ The percentage of capital owned by employees through the various employee stock ownership plans is presented in the Economics section /// shareholders /// ownership structure and form of incorporation.

■ Preparing satisfactory retirement benefits

Supplemental defined-contribution retirement plans are being set up in every host country, and most recently in the Czech Republic, Germany, the Netherlands and Slovakia.

■ Supplementary pension plans by division

(Worldwide, excluding Faurecia, at 31 December)

	Employee contributions (in millions of euros)		Employer contributions (in millions of euros)		Number of participants	
	2006	2005	2006	2005	2006	2005
Automobile Division	37,591.2		14,950.3		62,384	
2006	39,101.9		15,785.3		59,844	
2005	38,282.1		15,377.2		58,861	
Banque PSA Finance	1,955.2		530.3		1,187	
2006	1,686.5		465.0		989	
2005	1,596.3		494.3		998	
Gefco	2,043.2		1,111.3		2,782	
2006	3,053.3		1,058.6		2,889	
2005	3,448.5		998.5		2,531	
Other businesses	254.4		127.1		997	
2006	260.9		134.0		981	
2005	301.3		150.6		450	
Total 2007	41,844.0		16,718.9		67,350	
2006	44,102.5		17,442.9		64,703	
2005	43,628.2		17,020.6		62,840	

In France, employees of the main French subsidiaries in the Automobile, Transport & Logistics (Gefco) and Finance (Banque PSA Finance) Divisions are all covered by the supplemental retirement plan introduced in 2002. Since 2005, employees are also eligible for a new "PERE" corporate pension savings scheme, which allows them to make voluntary contributions to a supplemental retirement savings account under attractive terms regarding taxation, insurance premiums and management fees.

Managed by joint management-worker commissions, in line with local practices, these systems are not designed to replace pay-as-you-go schemes in countries where these schemes are available. Rather, they have been created to provide beneficiaries with supplemental retirement income to offset the expected drop in replacement rates, as well as to harmonize retirement benefits across subsidiaries in each country.

All full-time and part-time employees, including those under limited term contracts, are entitled to pension and insurance benefits under the same terms and conditions.

■ Extending pension coverage with defined benefit plans

In some countries, Group employees are entitled to supplementary pension benefits or lump sum retirement bonuses paid at the time of retirement. These benefits are offered through defined contribution or defined benefit plans.

In the case of defined benefit plans, future benefit obligations are covered by external funds, such as trusts, insurance contracts and pension funds, which are legally separate from the Group.

At 31 December 2007, future benefit obligations under defined benefit plans amounted to €3,768 million, of which €3,023 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.

In every country, the Group is committed to improving the levels of funding of defined benefit plans, in order to guarantee the future benefit payments and comply with local legislation.

The majority of defined benefit plans are non-contributory, but in a few countries, such as the United Kingdom, employees are expected to finance up to a third of the total contribution.

The defined benefit plans cover substantially all eligible employees, since in many countries the plans have been closed to new entrants and replaced by a defined contribution plan.

■ Providing a strong social safety net

In every host country, insurance plans are being introduced to provide at least death and disability cover, plus supplemental healthcare coverage to reflect changes in compulsory healthcare systems.

In France, compulsory health care insurance has been introduced for managers in the Paris region through an agreement signed by all the unions, with coverage further improved in 2007.

Employer-funded healthcare plans have also been put in place in several countries, such as Spain and the United Kingdom. In Brazil, employees are covered by a compulsory plan, entirely funded by the company, that offers full coverage of major medical care and maternity expenses. In Poland, employees have free access to services at a private medical centre. Life insurance plans have been introduced in the Czech Republic and Slovakia.

■ Maternity, paternity and parental leave

(Worldwide, excluding Faurecia, at 31 December 2007)

More than 1,615 Group employees worldwide (excluding Faurecia) took maternity leave in 2007. These leaves are recognised in accordance with local legislation and comply with legally prescribed length-of-leave periods. Of the women taking leave in 2007, 29.1% were operators, 42.4% were administrative employees, technicians and supervisors (ETAM) and 28.5% were managers.

More than 3,990 Group employees worldwide (excluding Faurecia) took paternity leave in 2007. 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, 58.7% were operators, 22.9% were administrative employees, technicians and supervisors (ETAM) and 18.4% were managers.

In 2007, more than 885 Group employees worldwide (excluding Faurecia) took parental leave, i.e. the possibility in certain countries to take several years off to raise their young children. Of the employees taking leave in 2007, 39.8% were operators, 37.5% were administrative employees, technicians and supervisors (ETAM) and 22.7% were managers.

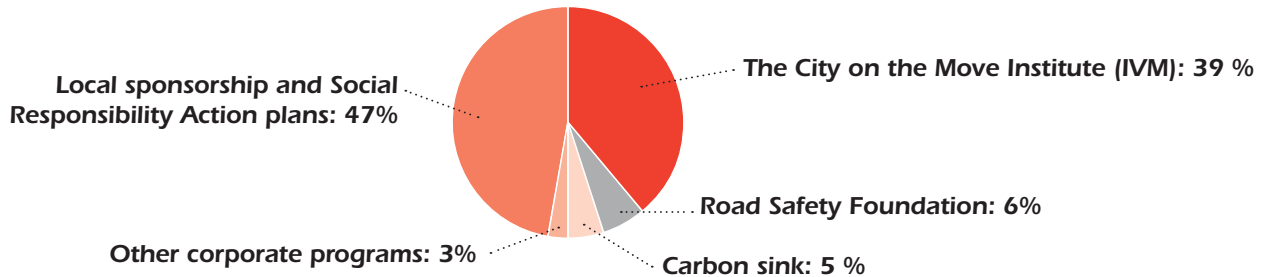
■ Social and cultural activities

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

In all, the Automobile, Finance and Transport & Logistics Divisions paid nearly €230 million in employee benefits in 2007. Representing 3.3% of payroll, this amount encompasses employer payments for housing, transport, 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 programs.

LOCAL SPONSORSHIP AND SOCIAL RESPONSIBILITY ACTION PLANS

■ Group contributions to social responsibility programs in 2007



At a time when stakeholders increasingly expect companies to demonstrate their social responsibility, the Local Sponsorship and Social Responsibility Action Plans play a major role in the Group's commitment to sponsoring community outreach initiatives. Implemented by manufacturing and support units in host countries around the world, these initiatives account for more than half of the allocated social responsibility budget.

Through a variety of symposia and real-world trials, the City on the Move Institute (IVM) is supporting the emergence of innovative urban mobility solutions in Europe, China and Latin America. It is financed with an annual budget of €1.4 million.

☞ The 2007 priority action "Support the emergence of innovative mobility solutions to facilitate social integration" is designed to support IVM in its commitment to improving access to jobs in today's cities, in particular for people with few marketable skills.
[Sustainable development website /// 2007 Priority Action Plan](#)

☞ Urban mobility is one of the ten sustainable development objectives for 2010.

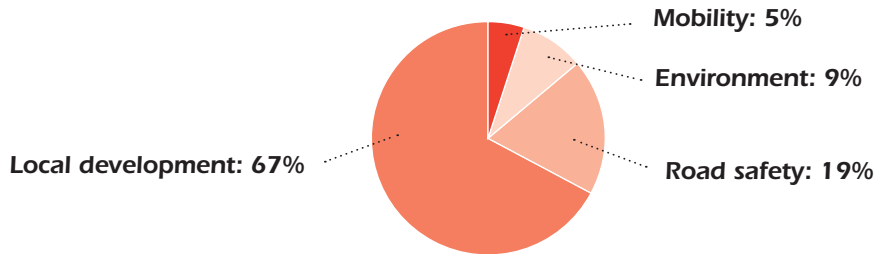
As part of the fight against global warming, the Peugeot carbon sink project in Brazil is studying the relationship between reforestation and the absorption of carbon dioxide, the leading greenhouse gas. The Peugeot-financed project is being conducted in partnership with France's national forest service ONF and Pro-Natura, a Franco-Brazilian NGO. Reforestation promotes the biodiversity of plant species, while getting communities involved through local native species planting programs.

PSA Peugeot Citroën contributes to a variety of road safety programs, in particular through the Road Safety Foundation.

As part of its commitment to fighting social exclusion, for the past seven years the Group has supported the Paris emergency social services agency by donating and maintaining its vehicle fleet. In 2007, an additional vehicle was donated to facilitate the mobility of people working for the Lodging and Hotel Booking Division, which has been tasked by the French government with providing hotel accommodations for families supported by the agency.

☞ The priority action "Support associations promoting the mobility of people in social difficulty" is designed to develop the assistance PSA Peugeot Citroën provides to associations located near its facilities.
[Sustainable development website /// 2007 Priority Action Plan](#)

Breakdown of expenditure committed in 2007 to support Local Sponsorship and Social Responsibility Action Plans



In 2007, local sponsorship and social responsibility expenditure was primarily allocated to local development action plans. Many of these initiatives are carried over year after year, such as consulting services for small and medium-sized companies and manufacturers, participation in local educational projects for primary and secondary school students, support for workplace reintegration, and donations of mechanical parts or computer equipment.

These corporate philanthropy programs, managed by local plants and facilities, demonstrate the Group’s commitment to playing an active in local communities, as a good corporate citizen.

To encourage community outreach projects, the Rennes, Mulhouse, Poissy and Madrid facilities have 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.

In 2007, 73 applications were submitted in the four facilities. Of these, 16 were awarded Trophies, along with financial backing from the Group to enable the winners to pursue their projects.

Seven facilities also organised a “Disabled Awareness Day.”

The rest of the budget went to initiatives concerning road safety, mobility and the environment.

Local Sponsorship and Corporate Social Responsibility Action Plans also involve a number of long-term initiatives such as the organisation of a team of voluntary drivers for people with reduced mobility, support for associations promoting mobility as a factor in integration, involvement in environmental events, and assistance in remediating nearby natural reserves.

	Mobility	Environment	Road safety	Local development
2005	20%	5%	21%	54%
2006	6%	16%	22%	56%
2007	5%	9%	19%	67%

The 2007 priority action “Increase the efficiency of initiatives to educate the public on road safety” is designed to enhance the Group’s awareness-building programs deployed in host communities as part of Local Sponsorship and Corporate Social Responsibility Action Plans.

[Sustainable development website](#) /// [2007 Priority Action Plan](#)

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 programs 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.

CONFLICTS OF INTEREST, CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR

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.

🔗 PSA Peugeot Citroën Code of Ethics: [Sustainable development website](#) /// [Publications](#)

In addition, employees may report suspected cases of corruption or potential corruption to the Group's Ethics Delegate.

■ Preventing corruption and avoiding conflicts of interest

Under the terms of the Global Social Responsibility Agreement, 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 275 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

In 2007, there were three cases of conflict of interest in the Group (excluding Faurecia).

- In France, two Gefco employees were dismissed for gross misconduct after failing to observe the company's professional integrity standards.
- In France, PSA Peugeot Citroën filed a breach-of-trust suit against a former employee who had been dismissed in July 2007 for embezzling company funds.

■ Cases of corruption and disciplinary action taken

There were no convictions for corruption in 2007.

■ Cases of anti-competitive behaviour

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 program to raise their awareness of anti-competitive practices and behaviour. Scheduled for deployment in 2008, the program will be included in the catalogue of courses for PSA Peugeot Citroën executives.

There were no new convictions for anti-competitive behaviour in 2007, although the following disputes remained outstanding during the year

- An appeal has been filed in the December 2004 conviction of Peugeot's Turkish subsidiary, Peugeot Otomotiv Pazarlama AS (POPAS), which was fined YTL 7,122,296.77 (around €4 million) for infringement of competition rules.

- A provision of €50 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. However, the Commission withdrew its accusations regarding practices it had initially observed in Germany.

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.

Motor vehicle distribution and after-sales services in Europe are subject to the new European Union Block Exemption Regulation 1400/02 dated 31 July 2002, which came into effect on 1 October 2003.























To comply with the new regulations, the two brands 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.











Profil	Sustainable Development and Annual Report (relevant pages)	Sustainable Development Indicators (relevant pages)	Reporting status
1. Strategy and Analysis			
1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4-5		■
1.2 Description of key impacts, risks, and opportunities.	26-29		■
2. Organisation profile			
2.1 Name of the organization	Inside front cover		■
2.2 Primary brands, products, and/or services.	Inside front cover		■
2.3 Operational structure of the organization.	6-7		■
2.4 Location of organization's headquarters.	89		■
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	10-11		■
2.6 Nature of ownership and legal form	3,9	14-15	■
2.7 Markets served	10-11, 58-59, 64-68	18-20, 27-28	■
2.8 Scale of the reporting organization	10-11		■
2.9 Significant changes during the reporting period regarding size, structure, or ownership			■
2.10 Awards received in the reporting period	39	97	■
3. Report Parameters			
REPORT PROFILE			
3.1 Reporting period for information provided		4	■
3.2 Date of most recent previous report		4	■
3.3 Reporting cycle		4	■
3.4 Contact point for questions regarding the report or its contents	88	4	■
Report scope and boundary			
3.5 Process for defining report content including : - Determining materiality - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report.	88	4	■
3.6 Boundary of the report		4,48-50, 75	■
3.7 State any specific limitations on the scope or boundary of the report.		4,48-50, 75	■
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		4,48-50, 75	■
3.9 Data measurement techniques and the bases of calculations.		4,48-50, 75	■
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.		4,48-50, 75	■
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		4,48-50, 75	■

GRI CONTENT INDEX			
3.12 Table identifying the location of the Standard Disclosures in the report.		126-131	
ASSURANCE			
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	88	4, 11-12, 132-133	
4. Governance, Commitments & Engagement			
GOVERNANCE			
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	2-7	5-12	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).		5	
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	N/r	N/r	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	8		
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.		8-9, 118	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.		11-12, 124-125	
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.		5	
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	32, 38, 43	11-12, 103-104, 124-125	
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	32	11-12	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		6-9	
COMMITMENTS TO EXTERNAL INITIATIVES			
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	44-47, 50-53	49, 37-38, 41-43	
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	32, 43, 50-51	11, 46	
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	33, 65		
STAKEHOLDER ENGAGEMENT			
4.14 List of stakeholder groups engaged by the organization.	33		
4.15 Basis for identification and selection of stakeholders with whom to engage.	33		
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	43	46, 97	
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	26-27, 28-29, 43	97	

Indicator		Sustainable Development and Annual Report (relevant pages)	Sustainable Development Indicators (relevant pages)	Reporting status
Economy				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	74-75	14-17, 21, 116, 118-120	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	26-27	29-30	
EC3	Coverage of the organization's defined benefit plan obligations.		121	
EC4	Significant financial assistance received from government.			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		116	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		22-23	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		76, 82, 104	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	54-55	122-123	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.			
Environment				
EN1	Materials used by weight or volume.		64, 66	
EN2	Percentage of materials used that are recycled input materials.		37-38	
EN3	Direct energy consumption by primary energy source.	86	51-53	
EN4	Indirect energy consumption by primary source.		52	
EN5	Energy saved due to conservation and efficiency improvements.		25-26	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	52-53	25-26	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		25-26	
EN8	Total water withdrawal by source.	87	62-63	
EN9	Water sources significantly affected by withdrawal of water.		63	
EN10	Percentage and total volume of water recycled and reused.	52-53	63	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		73	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		73	
EN13	Habitats protected or restored.		73	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		73	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations by level of extinction risk.		73	


EN16	Total direct and indirect greenhouse gas emissions by weight.	86	54-56	
EN17	Other relevant indirect greenhouse gas emissions by weight.		29-32, 57	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	44-47, 52-53	57	
EN19	Emissions of ozone-depleting substances by weight.	45	61	
EN20	NOx, SOx, and other significant air emissions by type and weight.		33-36, 59-61	
EN21	Total water discharge by quality and destination.		71-72	
EN22	Total weight of waste by type and disposal method.	87	64-69	
EN23	Total number and volume of significant spills.		73	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		70	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	82-83	33, 73	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		66	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		73	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			
EN30	Total environmental protection expenditures and investments by type.			
Labour practices & decent work				
LA1	Total workforce by employment type, employment contract, and region.	84	75-82	
LA2	Total number and rate of employee turnover by age group, gender, and region.		81-85	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		116, 119-121	
LA4	Percentage of employees covered by collective bargaining agreements.		94-96	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		86, 89-90, 96	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		114	
LA7	Rates of injury, occupational diseases, lost day's, absenteeism and total number of work-related fatalities, by region.	41, 85	107-109, 111, 113	
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		110-113	

LA9	Health and safety topics covered in formal agreements with trade unions.		115	
LA10	Average hours of training per year per employee by employee category.		91	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	36, 40	86, 90-92	
LA12	Percentage of employees receiving regular performance and career development reviews.		93	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		97-102	
LA14	Ratio of basic salary of men to women by employee category.		117-118	
Human rights				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that underwent human rights screening.		103-104	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		22, 104	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		103	
HR4	Total number of incidents of discrimination and actions taken.		102	
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.		104	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.		104	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.		104	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		103	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		104-106	
Product responsibility				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	43	25-26, 39, 40-43, 45	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services by type of outcomes.		45	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	43, 61, 63	46	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		56	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		44	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	43	46	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.		46	

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		45	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		45-46	
Society				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		104-105, 110, 122-123	
SO2	Percentage and total number of business units analyzed for risks related to corruption.		124	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		103, 124	
SO4	Actions taken in response to incidents of corruption.		124	
SO5	Public policy positions and participation in public policy development and lobbying.	33		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	32		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		124-125	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		45-46, 125	

Standard indicators are in black

Additional indicators are in grey

 Fully reported

 Partially reported

 Not reported

n/r: not relevant

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.

Correspondance between Global Compact and GRI indicators

Principle	GRI indicators	Code
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
	9. Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN6, EN7, EN10, EN13, EN14, EN18, EN21, EN22, EN26, EN27, EN30
	8. Undertake initiatives to promote greater environmental responsibility;	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

REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS ON THE PROCESSES FOR COMPILING SITE ENVIRONMENTAL DATA AND GROUP SOCIAL DATA PUBLISHED IN THE GROUP'S SUSTAINABLE DEVELOPMENT AND ANNUAL REPORT

This is a free translation into English of the statutory auditors' report issued in the French language 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 a review 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 2007 environmental and social data are shown in the tables and charts published in the "Environment" and "Social" chapters of the Sustainable Development Indicators supplement to the Sustainable Development and Annual Report.

PSA Peugeot Citroën management was responsible for preparing the above-mentioned data and for the procedures enabling their compilation, in accordance with the Group's 2007 reporting standards and procedures. Information concerning these standards may be requested from the Sustainable Development Department at the following address:
contact.sustainability@mpsa.com.

Our responsibility is to express a conclusion on the procedures for compiling this information, based on our review.

■ Nature and scope of our procedures

We planned and performed the procedures described below to obtain moderate assurance as to whether the processes for compiling environmental and social data are free of material misstatements.

Such a review does not include all the procedures required to obtain reasonable assurance (a higher level of assurance).

Moreover, our review is not intended to express 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 Maintenance and General Technical Services Department, in charge of compiling data from the PCA production plants in Sochaux and Aulnay, France and Trnava, Slovakia.
Faurecia	<ul style="list-style-type: none"> ▪ The Health, Safety and Environment (HSE) Unit, in charge of compiling and consolidating Faurecia data. ▪ HSE managers in charge of validating data from: <ul style="list-style-type: none"> – The Interior Systems and the Modules & Systems Product Groups – The Northern Europe Division of the Exhaust Systems Product Group and the Asia Division of the Seat Structures & Mechanisms Product Group. ▪ HSE managers in charge of compiling data from three plants in Pisek, Czech Republic; two plants in Audincourt, France; and two plants in Palmela, Portugal.
Gefco	<ul style="list-style-type: none"> ▪ The Sustainable Development Officer in the Quality Department, in charge of compiling and consolidating Gefco data. ▪ Departments in charge of compiling data from the subsidiaries in Poland and Italy.

Brands

- The Environment Unit, part of the Customer Service Department, in charge of compiling and consolidating data from the Peugeot and Citroën brands.
- Teams in charge of compiling data from the Peugeot SVICA dealership in Créteil and the Citroën dealership in Saint-Quentin-en-Yvelines, both in France.

For social data:

Group/PCA

- 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.
- The Labour and Human Relations managers in charge of compiling data from the PCA plants in Aulnay, France and Trnava, Slovakia.

Gefco

- The Gefco Human Resources Management Control Department, part of the Human Resources, Communication and Organisation Department, in charge of reviewing data compiled by Gefco subsidiaries.
- The Human Resources managers of Gefco Poland and Gefco Italy, in charge of compiling data from their subsidiaries.

Brands

- The Peugeot France Personnel Department and the Citroën France Employee Relations Department, which are in charge of compiling data from their units.

-
- 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 the following sites:
 - 16 Faurecia facilities in seven countries.
 - Gefco facilities in three countries.
 - Peugeot and Citroën units in nine countries.
 - Lastly, we performed consistency checks, on a test basis, in order 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 some of the visited PCA and Gefco units, concerning subcontractor employee indicators, primarily due to difficulties in compiling the related data.
- 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 the environmental data reported by the Citroën and Peugeot brands for the first time in 2007, our procedures revealed the following matters:

- Differing interpretations and applications of the reporting standards for the indicators concerning energy and water consumptions and waste production. This reflected the fact that in the 2007 standards, the methodological guidelines for compiling the data were too vague.
- When the data compiled by the dealerships were validated, consistency checks were not systematically performed by the subsidiary's validator in every country.

Based on our review, with the exception of the matters described in the preceding paragraphs, nothing has come to our attention that causes 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 2007 reporting standards and procedures.

Neuilly-sur-Seine, 30 April 2008

Pierre Riou, Partner, Statutory Auditor

Sylvain Lambert, Partner, Sustainable Development Department



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PSA PEUGEOT CITROËN

Incorporated in France with issued capital of 234,280,298 euros
Governed by a Managing Board and a Supervisory Board

Registered Office

75, avenue de la Grande-Armée – 75116 Paris – France
R.C.S. Paris B 552 100 554 – Siret 552 100 554 00021
Phone: + 33 (0) 140 66 55 11 – Fax: + 33 (0)1 40 66 54 14

www.psa-peugeot-citroen.com
www.developpement-durable.psa.fr
contact.sustainability@mpsa.com

