

# 2011

## SUSTAINABLE DEVELOPMENT AND ANNUAL REPORT





## Trends

What lies behind a brand's image, values, global brand design, styling, colours and materials? Read all about the trends that guided our choices for the latest Peugeot and Citroën models in this special section.

**Above:** Citroën DS5 and Peugeot 508 RXH.

# CONTENTS

MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD	2
SUPERVISORY BOARD	4
MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD	6
EXECUTIVE MANAGEMENT	8
<b>10 STRATEGY</b>	
<b>24 RESULTS AND OUTLOOK</b>	
<b>30 CORPORATE SOCIAL RESPONSIBILITY</b>	
INDUSTRIAL ENVIRONMENTAL AND SOCIAL INDICATORS	46
FINANCIAL INDICATORS	48

Available at <http://annualreport.psa-peugeot-citroen.com>

- The 2011 Sustainable Development and Annual Report dedicated website.
- The 2011 Corporate Social Responsibility Report.
- The 2011 Registration Document.
- The Notice of Meeting for the Annual Shareholders' Meeting.

**THIERRY PEUGEOT**  
*Chairman of the  
Supervisory Board*

# “2011 WAS A VERY MIXED YEAR”

Although our subsidiaries turned in excellent results, the Automobile Division encountered considerable difficulties, especially in the second part of the year. Much of this was caused by the sharp contraction in European demand following the financial crisis in Europe.

The Managing Board, supported by the Supervisory Board, took the necessary steps to deal with this situation. The cost-reduction plan announced in October should put us back on the path to structural, long-term profitability.

Alongside this ambitious plan, which is already being executed, we are continuing to invest in our future. The launch of the Peugeot 208, the introduction of our new 3-cylinder petrol engines and, in a world first, the inauguration of diesel hybrid technology on four different models are excellent examples of this strategy.

The Group's ten-year vision, presented in July 2009 by Managing Board Chairman Philippe Varin, remains unchanged. We intend to pursue our strategy of globalisation and moving upmarket to make PSA Peugeot Citroën a major player in the global automobile industry while ensuring our financial security.

We have made substantial outlays, but these investments are necessary to secure our future in high-growth regions. The financial results presented in February reflect this situation.

In this environment, the Supervisory Board approved the Managing Board's recommendation to waive the dividend with respect to 2011. The Supervisory Board also approved new cost-reduction measures announced in early 2012, lifting the total outlined in October 2011 to €1 billion. These measures need to be taken to maintain a robust, secure financial position in an automobile market weighed down by persistent weakness in Europe.

Your Group has shown on several occasions in the past its ability to make difficult and important decisions to ensure that it has the resources to develop and grow. The major strategic Alliance we recently announced with industry leader General Motors is one of these. The agreement offers a tremendous opportunity for our international expansion, globalisation and medium-term growth.

This is first and foremost an industrial Alliance, with the sharing and joint development of vehicle platforms and the creation of a joint purchasing organisation.

It will allow us to reduce our costs and improve our profitability by generating synergy and creating economies of scale. It will also make us more competitive in our strategic markets.

The Alliance also has an impact on our shareholder structure, as General Motors has acquired a 7% interest in your Group to finalise the agreement and demonstrate its long-term commitment. This transaction was carried out through a €1 billion capital increase. The Peugeot family subscribed to the increase with an amount of €140 million, demonstrating its deep attachment to the Group and its desire to make this Alliance a great success. The Peugeot family remains PSA Peugeot Citroën's main shareholder following the capital increase, with 25.2% of the company's shares and 37.9% of the voting rights. Under the agreement, General Motors will not increase its interest above 7%, so clearly, we will remain independent. We are all very attached to maintaining this independence, which was a non-negotiable condition of the Alliance agreement.

I know that putting the Alliance into place will require a great deal of energy. We will have to make sometimes difficult choices and accept a different corporate culture. But the challenges are real and we must meet them.

Throughout this crucial year, the Supervisory Board supported the Managing Board through a very busy agenda. The Supervisory Board met six times in 2011 and its various committees (Finance and Audit, Strategy, Appointments and Governance and Compensation) also met on several occasions. In its drive to apply best governance practices, the Supervisory Board is recommending that shareholders approve a resolution at the Annual General Meeting on 25 April 2012 to reduce its members'

## "THE GROUP'S PLAN FOR THE TEN YEARS TO COME REMAINS MORE RELEVANT THAN EVER"

term of office to four years from six. Shareholders will also be asked to elect two new independent members to the Supervisory Board: Dominique Reiniche, President of Europe for The Coca-Cola Company, and Thierry Pilenko, Chairman and CEO of Technip. If approved, this will increase the number of Supervisory Board members to 14 from 12 and the number of independent members to 9 from 7. The membership will reflect, alongside the historic shareholder, a diverse range of backgrounds, experience and automobile knowledge that will enhance the Board's operations.

Backed by 200 years of manufacturing experience and a powerful corporate culture embraced by all its team members, PSA Peugeot Citroën is well positioned to win new markets while ensuring its profitability, long-term future and independence.



# SUPERVISORY BOARD



**Thierry Peugeot**  
Chairman



**Jean-Philippe Peugeot**  
Vice Chairman



**Jean-Louis Silvant**  
Vice Chairman



**Robert Peugeot**



**Jean-Paul Parayre**



**Marc Friedel**



**Pamela Knapp**



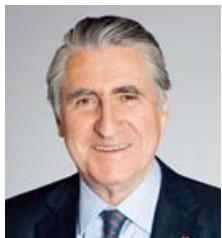
**Henri-Philippe  
Reichstul**



**Marie-Hélène  
Roncoroni**



**Geoffroy Roux  
de Bézieux**



**Ernest-Antoine  
Seillière**



**Joseph F. Toot Jr.**



**François Michelin**  
Non-Voting Advisor



**Roland Peugeot**  
Non-Voting Advisor

As of 31 December 2011.

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 overseeing and control.

This separation is especially effective in addressing the concern for a balance of power between the executive and monitoring functions, as reflected in the principles of good corporate governance. The Supervisory Board, which comprises 12 members and two non-voting advisors, ensures that the strategy implemented by the Managing Board is consistent with the Group's long-term vision, as defined by the Supervisory Board. It is responsible for overseeing the Managing Board's management of the business. The Supervisory Board met six times in 2011; the agenda of each meeting was prepared by the Chairman. It was assisted by four dedicated committees, who researched and prepared a number of issues for discussion and decision.

***Supervisory Board members:***

*Thierry Peugeot (Chairman), Jean-Philippe Peugeot (Vice Chairman), Jean-Louis Silvant (Vice Chairman), Marc Friedel, Pamela Knapp, Jean-Paul Parayre, Robert Peugeot, Henri-Philippe Reichstul, Marie-Hélène Roncoroni, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Joseph F. Toot Jr. Non-Voting Advisors: Roland Peugeot, François Michelin.*

## FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee oversees the process of preparing financial information, the effectiveness of internal control and risk management systems, the statutory auditing of the parent company and consolidated financial statements and the independence of the Statutory Auditors. It met six times in 2011.

*Members: Jean-Paul Parayre (Chairman), Marc Friedel, Pamela Knapp, Robert Peugeot, Marie-Hélène Roncoroni.*

At its meeting on 13 March 2012, the Supervisory Board of PSA Peugeot Citroën approved the proposed resolutions submitted by the Managing Board, which will be presented to shareholders at the Annual General Meeting on 25 April 2012.

In particular, the Managing Board recommends that:

- No dividend be paid in respect of 2011 in light of the Group's results for the year.
- The by-laws be modified to reduce Supervisory Board members' term of office from six to four years.
- Dominique Reiniche and Thierry Pilenko be elected to the Supervisory Board and Ernest-Antoine Seillière, Jean-Louis Silvant and Joseph F. Toot Jr. be re-elected to the Board.

## STRATEGY COMMITTEE

The role of the Strategy Committee is to examine the Group's long-term future, reflect on potential avenues of growth and give its opinion on the Group's broad strategic vision. In this respect, it makes recommendations on the long-term strategic plans and the medium-term plan presented by the Managing Board. The Committee met three times in 2011.

*Members: Robert Peugeot (Chairman), Jean-Paul Parayre, Jean-Philippe Peugeot, Thierry Peugeot, Henri-Philippe Reichstul, Ernest-Antoine Seillière, Jean-Louis Silvant.*

## THE APPOINTMENTS AND GOVERNANCE COMMITTEE

The Appointments and Governance Committee prepares Supervisory Board discussions concerning the appointment of new members of the Supervisory Board and Managing Board, by proposing selection criteria, organising the selection process, recommending candidates for appointment or re-appointment, and monitoring succession plans for members of the Managing Board. The Committee provides the Supervisory Board with opinions and recommendations on governance. It met seven times in 2011.

*Members: Jean-Philippe Peugeot (Chairman), Thierry Peugeot, Robert Peugeot, Ernest-Antoine Seillière, Jean-Louis Silvant, Geoffroy Roux de Bézieux.*

## THE COMPENSATION COMMITTEE

The Compensation Committee prepares Supervisory Board discussions regarding all aspects of compensation and benefits for the Chairman, Vice-Chairmen and other members of the Supervisory Board and the Board Committees, as well as the Chairman and other members of the Managing Board. It met eight times in 2011.

*Members: Thierry Peugeot (Chairman), Jean-Philippe Peugeot, Geoffroy Roux de Bézieux, Ernest-Antoine Seillière, Jean-Louis Silvant, Joseph F. Toot Jr.*

**PHILIPPE VARIN**  
*Chairman of the  
Managing Board*

# “OUR PERFORMANCE DID NOT LIVE UP TO OUR AMBITIONS”

While it is true that we achieved recurring operating income of €1.3 billion in 2011, it was thanks to the good results of our subsidiaries Banque PSA Finance, Gefco and Faurecia, all of which recorded growth in their respective businesses. The Automotive Division, on the other hand, had a mixed year, as the first half's bright outlook was dimmed by dark clouds in the second half.

In the early summer, the economic situation started to deteriorate and our business environment became much more unfavourable than we had expected. As the financial crisis picked up steam, the European automobile markets collapsed, especially in Southern Europe, where we traditionally make a large proportion of our sales. Plummeting demand starkly revealed the structural problem of excess production capacity facing Europe's carmakers.

To preserve their sales volumes, our rivals engaged in a bitter price war that we were forced to enter into as the summer drew on. Making matters worse, competition was particularly harsh in the small car segment, which accounts for more than a third of our sales and in which a number of our models were reaching the end of their series life. Other factors specific to PSA Peugeot Citroën also weighed heavily on sales and profits, namely supply chain disruptions following the catastrophic tsunami in Japan and a halt in deliveries from one of our European suppliers.

In light of the European market's anticipated performance in the next two to three years, it is clear that our strategy of globalisation and moving the ranges upmarket is no longer simply an option: it is a necessity. More than ever, its deployment must be accelerated. The European markets will not return to their pre-crisis levels for several years. For this reason, we will have to continue focusing on growth in the emerging economies. We made new strides in this direction in 2011, with rising sales in China, Latin America and Russia. Markets outside Europe accounted for 42% of total sales, putting us on track to achieve our target of 50% in 2015 and 66% in 2020.

Enhancing the value of the Peugeot and Citroën brands is another key component in our drive to effectively harness market growth and preserve our margins. Here too, our strategy is on track. Premium vehicles accounted for 18% of our sales in 2011 versus 13% in 2010. The move upmarket is clearly visible in our latest models, as can be seen in the Peugeot 208 launched in early 2012.

Moving forward in 2012, we are confident in our strategy and aware of the difficulties that lie ahead, as well as of the efforts required to overcome them. Our first priority is to significantly reduce our debt, notably through a disciplined cash management programme launched at the end of last year. The savings target in the 2012 action plan was recently increased to €1 billion, to be achieved by reducing purchasing and fixed costs and by postponing or cancelling certain projects.

In deploying our strategy, we will need to maintain a high level of capital expenditure to achieve our goals. We must preserve the future while keeping today's constraints in mind. That said, we must also be more disciplined in our choices and priorities, so that all resources can be devoted to our major developments. This plan has led us to make sometimes difficult decisions concerning our teams. In making those decisions, we have maintained a continuous dialogue with employee representatives, in accordance with our corporate values, to ensure that an effective support network is in place for all those affected.

We have also launched an asset disposal programme worth some €1.5 billion to supplement the effects of the cost-reduction plan. The recent sale of our Citer rental car business was the first step in this programme. We also intend to sell part of our stake in Gefco while maintaining our majority shareholder status with this long-term strategic partner.

In 2012, we will pursue our strategy of globalisation against a backdrop of declining demand in Europe, where the market is expected to contract by around 5%. In China, the new plants built via our two joint ventures will provide added production capacity. We will be launching the Citroën DS line in the country this year, for the first time with a dedicated dealer network. In Latin America, our sustained capital expenditure will produce results. As for Russia, we are fully benefiting from the market's strong growth. The Kaluga plant is steadily ramping up and is

## "OUR ALLIANCE WITH GENERAL MOTORS FITS IN PERFECTLY WITH THE STRATEGY WE DEFINED FOR THE GROUP IN 2009"

scheduled to shift from assembly work to full-scale production this summer.

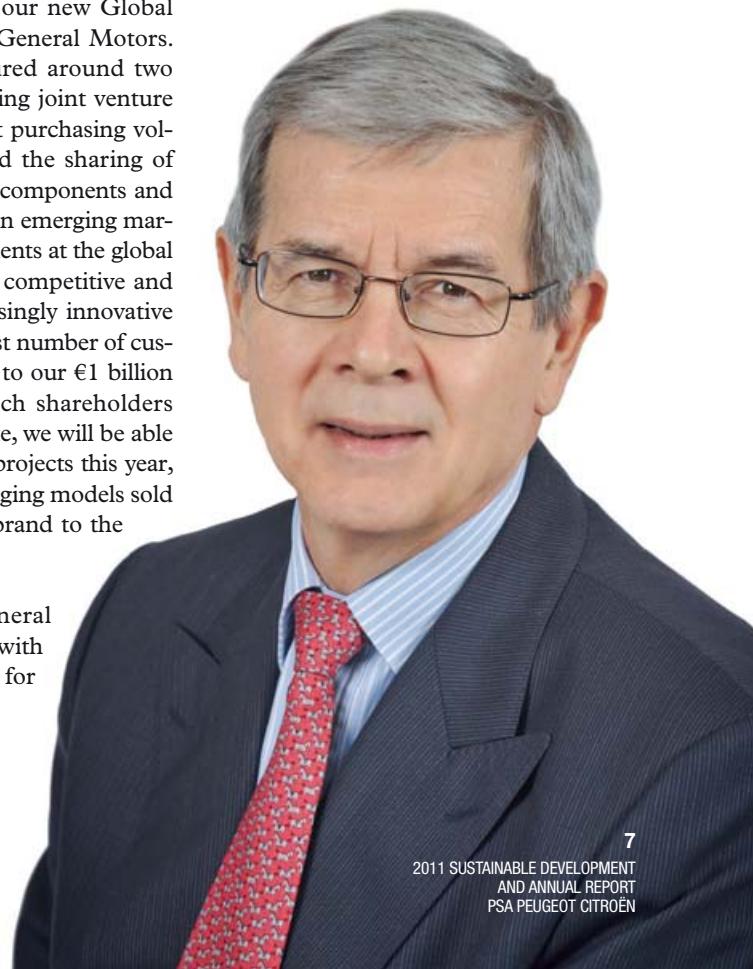
Several model launches will advance our upmarket strategy during the year, among them, in a world first, four diesel hybrids. These new models will extend our already broad line-up of low-carbon vehicles. The year will also see the market introduction of the Peugeot 208, the new-generation model from the celebrated 2 series. Shorter and lighter, and featuring more technology and a smaller environmental footprint than its predecessor, the Peugeot 208 demonstrates that the move upmarket applies not only to niche vehicles but to core range models as well.

Looking beyond the challenges facing us, our Group is writing an exciting new chapter in its history. Our teams are already busy at work on clearly identified projects as part of our new Global Strategic Alliance with General Motors. This Alliance is structured around two pillars: a global purchasing joint venture that will have the largest purchasing volume in the industry and the sharing of select vehicle platforms, components and modules in Europe and in emerging markets. Pooling our investments at the global level will make us more competitive and allow us to bring increasingly innovative technologies to the largest number of customers possible. Thanks to our €1 billion capital increase, in which shareholders were invited to participate, we will be able to launch our first joint projects this year, with the objective of bringing models sold independently by each brand to the market in 2016.

Our Alliance with General Motors fits in perfectly with the strategy we defined for

the Group in 2009. It offers a wealth of opportunities for the entire PSA Peugeot Citroën corporate community, as well as for all those who have an interest in our future success and growth, chief among them our shareholders.

In concluding, I would like to take this opportunity to thank our teams for their commitment and dedication. In a very difficult year, our employees showed even greater customer focus, capacity for innovation and commitment to quality and workplace safety, embodying once again the very best of PSA Peugeot Citroën.



Chaired by Philippe Varin, the six-member Managing Board is appointed for a period of four years. The Managing Board leads the Group and oversees its day-to-day management. It is supported by the Executive Committee, which comprises the six members of the Managing Board and four Executive Vice Presidents reporting to the Chairman of the Managing Board.

## THE MANAGING BOARD

The six members of the Managing Board, which is chaired by **Philippe Varin**, have the following responsibilities:

**Jean-Baptiste de Chatillon** is the Group's Chief Financial Officer. He leads the Group's business performance and ensures its financing.

**Guillaume Faury** is in charge of the Research and Development Department, which includes Styling, Innovation, Projects and Engineering so as to develop the key design features and technologies for the car of the future. The Research and Development Department also oversees the Group's modular strategy.

**Grégoire Olivier**, based in Shanghai, is in charge of developing operations and the Group's performance in Asia.

**Jean-Christophe Quémard** is Executive Vice President, Programmes. He is responsible for defining and leading the execution of the Group's Programmes worldwide, as well as for cooperation agreements and partnerships.

**Frédéric Saint-Geours** is in charge of the Brands Department and leads the corporate Sales, Customer Service, Product and Marketing Departments.

The following divisions also report directly to the Chairman of the Managing Board: Strategy, headed by **Yves Bonnefont**; Latin America, headed by **Carlos Gomes**; Russia, Ukraine and CIS, headed by **Bernd Schantz**; Corporate Communications, headed by **Caroline Mille Langlois**; External and Institutional Relations, headed by **Christian Peugeot**.

## THE EXECUTIVE COMMITTEE

comprises the six members of the Managing Board and four Executive Vice Presidents reporting to the Chairman of the Managing Board.

**Yannick Bézard**, Executive Vice President, Purchasing, is responsible for the Group's purchasing policy for automotive goods and services at the global level. He serves as the interface between the Group and its suppliers.

**Claude Brunet**, Executive Vice President Human Resources and Quality, is responsible for all functions related to the global management of skills and human resources, as well as functions that improve quality, the Excellence System and the Group's information systems.

**Denis Martin**, Executive Vice President, Industrial Operations, is responsible for managing manufacturing operations, the supply chain and scheduling, as well as for deploying employee relations policies.

**Pierre Todorov**, Group General Counsel, is responsible for ensuring that the company's operations are legally secure and that its organisations are efficient. He is also responsible for representing the Group in relations with public authorities.



*Philippe Varin*  
Chairman of  
the Managing Board



*Grégoire Olivier*  
Executive Vice President,  
Asia



*Guillaume Faury*  
Executive Vice President,  
Research and Development



*Frédéric Saint-Geours*  
Executive Vice President,  
Brands



*Jean-Baptiste  
de Chatillon*  
Chief Financial Officer



*Jean-Christophe Quémard*  
Executive Vice President,  
Programmes



*Yannick Bézard*  
Executive Vice President,  
Purchasing



*Claude Brunet*  
Executive Vice President,  
Human Resources  
and Quality



*Denis Martin*  
Executive Vice President,  
Industrial Operations



*Pierre Todorov*  
Group General Counsel



*Yves Bonnefont*  
Strategy



*Carlos Gomes*  
Latin America



*Bernd Schantz*  
Russia, Ukraine  
and CIS



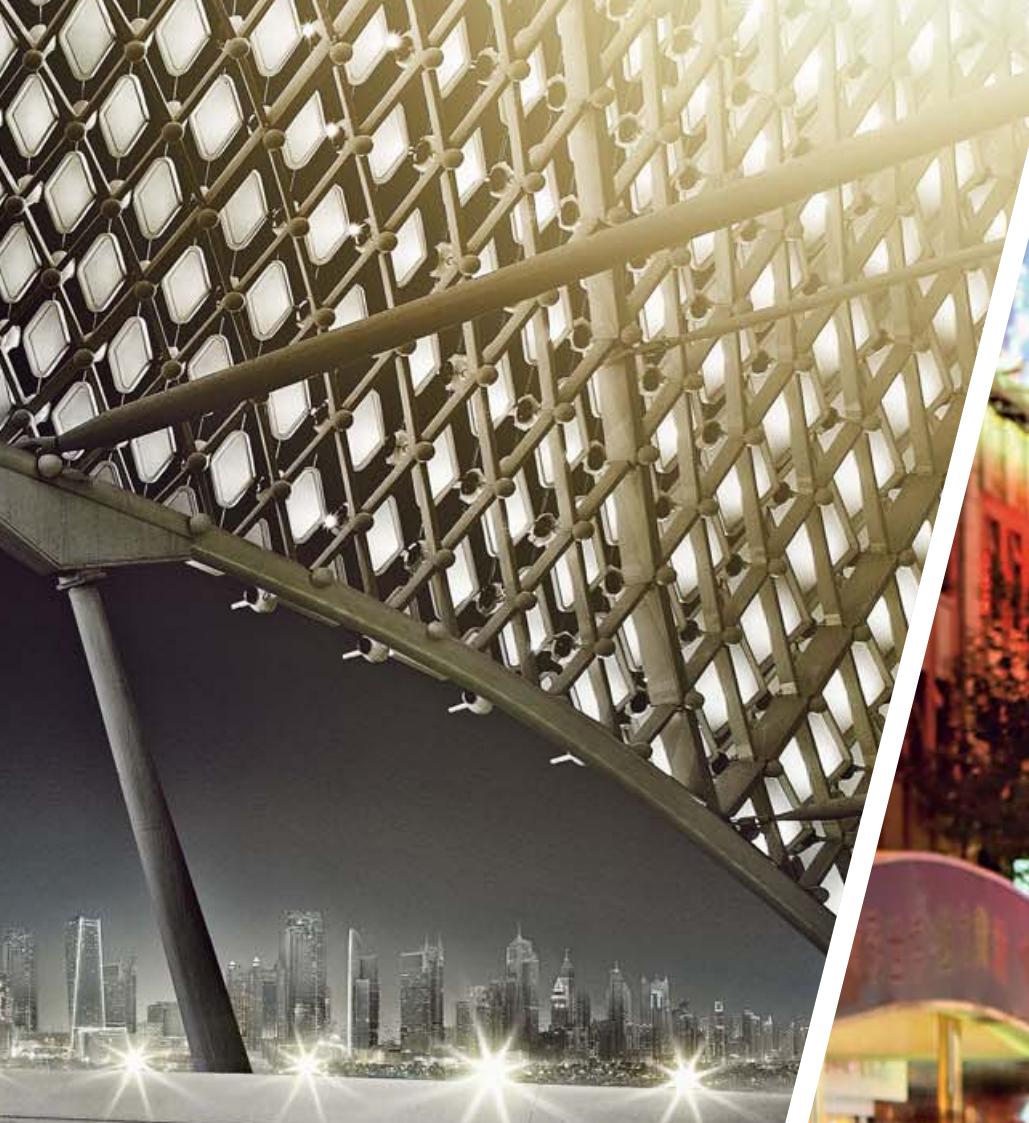
*Caroline  
Mille Langlois*  
Corporate  
Communications



*Christian Peugeot*  
External and  
Institutional  
Relations



Citroën DS5.



In a particularly difficult European business environment, PSA Peugeot Citroën continued to implement its strategy in 2011 with a focus on moving the Peugeot and Citroën ranges upmarket and maintaining their technological lead while becoming a truly global group.

# STRATEGY



## UPMARKET FOCUS AND TECHNOLOGICAL LEAD

*Our Premium models again demonstrated their popularity in 2011, accounting for 18% of total sales compared with 13% in 2010. At the same time, Peugeot and Citroën continued to renew their ranges, benefitting from the growing success of models designed for specific markets.*

This process is being supported by design and technological innovation. In the area of design, both Peugeot and Citroën have been developing a unique language that reflects their brand values. These specific styles were fully expressed in the new models unveiled in 2011 (Peugeot 208 and Citroën DS4 and DS5) and continue to evolve, as can be seen in the concept cars presented at international motor shows (Citroën Tubik and Peugeot SXC and HX1). At the same time, the Group has pursued the development of innovative services through its brands' dealership networks, with the goal of offering mobility services that meet today's real-world needs.

Technological innovation, a critical growth driver, is focused on devising effective, affordable responses to current and future mobility needs and environmental challenges in every host country. PSA Peugeot Citroën has been France's leading patent filer over the past four years, devoting more than 5% of Automotive Division revenue to R&D each year. In 2011, this technological commitment to vehicle safety and the environment was visible in numerous innovations, including our world premiere HYbrid4 diesel hybrids, brought to market in 2012; our electric vehicle line-up; the deployment of our e-HDi Stop & Start system and the launch of our new EB family of high-efficiency, low-carbon 3-cylinder engines.



*HYbrid4 mode selector, with four choices (Auto, ZEV, Sport and 4WD).*

## A GLOBAL STRATEGIC ALLIANCE BETWEEN PSA PEUGEOT CITROËN AND GENERAL MOTORS

On 29 February 2012, PSA Peugeot Citroën and General Motors announced the creation of a global strategic Alliance. By leveraging the combined strengths and capabilities of the two companies, the alliance will contribute to the profitability of both partners and

strongly improve their competitiveness in Europe. The Alliance is structured around two main pillars: the sharing of vehicle platforms, components and modules and the creation of a global joint-venture for the sourcing of goods and services, with combined annual

purchasing volumes of €100 billion. Each company will continue to market and sell its vehicles independently and on a competitive basis. Beyond these pillars, the Alliance creates a flexible foundation that allows the companies to pursue other areas of cooperation.

## GOLDEN STEERING WHEEL

*On 14 November 2011, Germany's Auto Bild magazine recognized our HYbrid4 diesel hybrid technology by giving its "Green Steering Wheel" (Grünes Lenkrad) award to the Peugeot 3008 and Citroën DS5. Dedicated to environmental initiatives, the "Green Steering Wheel" is attributed as part of the "Golden Steering Wheel" (Goldenes Lenkrad) competition. The Peugeot iOn won the prize in 2010.*

## EUROPEAN LEADER IN ELECTRIC VEHICLES

*PSA Peugeot Citroën was the first carmaker to introduce electric vehicles in Europe starting in late 2010, with the Peugeot iOn and the Citroën C-ZERO. The EV line-up also includes two electric commercial vehicles, the Peugeot Partner Origin and Citroën Berlingo First, which were also brought to market in 2010. Since the launch of its electric vehicle line-up, PSA Peugeot Citroën has delivered nearly 4,000 EVs and taken more than 6,000 orders.*

**127.9** G/KM

*The average CO<sub>2</sub> emissions of Group vehicles declined to 127.9 g/km in 2011 from 132 g/km in 2010. The improvement will be amplified in 2012 with the deployment of the e-HDi system, the market launch of models equipped with the new EB engines and the introduction of diesel hybrids.*

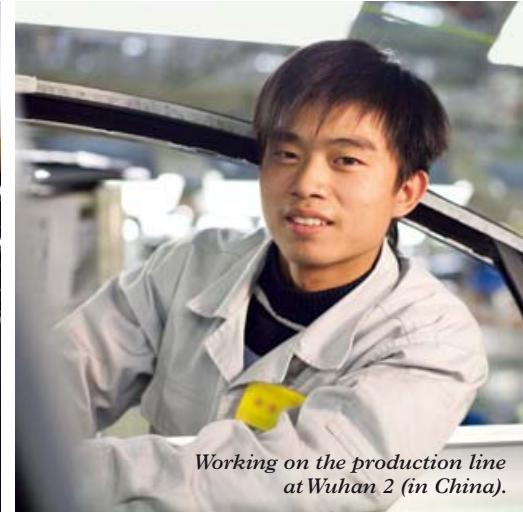
**52**

*PSA Peugeot Citroën filed 52 patents for the new EB family of 3-cylinder engines alone.*

**1,000,000**

*PSA Peugeot Citroën continues to lead e-Call deployment in Europe, with Citroën e-Touch and Peugeot Connect. Over one million Peugeot and Citroën models featuring the emergency call system have been sold since 2003 and nearly 5,500 people have used it to access emergency services in the 10 European countries where e-Call is supported.*

*Citroën DS High Rider concept car.*



*Working on the production line at Wuhan 2 (in China).*

## A GLOBAL AMBITION, WORLDWIDE FACILITIES AND A FRENCH BASE

*In 2011, PSA Peugeot Citroën maintained its ranking as France's leading carmaker and number two in Europe. We pursued our international development in fast-growing markets while continuing to invest in France, notably in R&D.*

In the years ahead, an estimated 60% of the global automobile market's growth will come from Asia. Emerging economies offer very high potential, given their current car ownership levels. PSA Peugeot Citroën has decided to focus its international expansion on China, Latin America and Russia. This development strategy has produced positive results, as we now make 42% of our sales outside Europe, compared with 39% in 2010 and 32% in 2009.

**In China**, we continued to expand at a sustained pace, both industrially and commercially. Ground was broken for the DPCA joint venture's third plant in Wuhan, and China's National Development and Reform Commission (NDRC) approved the plan announced in 2010 to create a new joint venture known as Changan PSA Automobile Co., Ltd, or CAPSA. Work began on the new CAPSA plant in Shenzhen in early 2012.

Combined, this new capacity will allow us to market six new engines and twelve new models between 2011 and 2015, including the Peugeot 508 and 308 and the Citroën DS4 and DS5.

**In Latin America**, we stepped up a number of initiatives launched over the last few years. We decided to pursue our investments in Brazil to increase production capacity in response to sustained growth in demand (up 8% in 2011). This will lift annual production capacity to 300,000 vehicles from 150,000 at present and to 400,000 engines from 280,000, for an annual investment of some €240 million. The Peugeot 408 and Citroën C3 Picasso have been produced locally since 2011. Both brands have expanded their Latin American dealership networks, which will welcome the Peugeot 308 and Citroën DS4 and DS5 in 2012.

**In Russia**, we have deployed an across-the-board strategy that includes producing the Citroën C4 and C-Crosser and the Peugeot 308 and 4007 at our Kaluga plant, opening a new replacement parts warehouse in Moscow and consolidating our brands' 141 dealer-strong network, which offers 90% geographic coverage. In 2012, we will introduce six models – the Peugeot 508, 4008 and 408 and the Citroën C4 Aircross, DS4 and DS5 – to support our growth in Russia and move the ranges upmarket.

The models will be launched following the mid-year inauguration of the Kaluga plant, which in some cases will shift from local assembly to local production.

### Europe's second-largest carmaker

While pursuing our global growth strategy, we continued in 2011 to invest in our European base, where we are also deploying a powerful sales and marketing strategy. In France, capital expenditure averages €700 million a year. In 2011, we spent €257 million to launch production of the EB engine family at the Trémery plant and devoted €460 million to the project's R&D. We also invested €600 million in France for the production launch of the new Peugeot 208. With five production facilities and 11 mechanical components plants and foundries, PSA Peugeot Citroën continues to make a significantly positive net contribution to France's trade balance. In fact, we build twice as many vehicles in France as we sell there.



**PEUGEOT**

Peugeot sold 2,114,000 cars and light commercial vehicles in 2011 in a global environment where austerity in Europe contrasted with sustained or recovering demand in the major growth markets. During the year, Peugeot's product, image and services offensive pushed worldwide sales close to their historic high of 2010, the brand's bicentennial year.

**W**ith a record 1,014,000 vehicles, unit sales outside Europe accounted for 48% of the total, up three points from 2010.

## Continued globalisation

Peugeot recorded higher sales in all of its priority growth regions, with increases of 9.2% in Latin America, 14.2% in Asia and 28.3% in Russia, Ukraine and CIS. This performance fuelled the brand's on-going international expansion.

Sales in Europe were negatively affected by a sharp contraction in demand in the southern countries where Peugeot has high exposure (notably Spain and Portugal) and by the

winding down of the Peugeot 207. As a result, unit sales declined by 6.1% from the previous year to 1,100,000 vehicles.

## Accelerating the move upmarket

In 2011, Peugeot again demonstrated its ability to renew its line-up and move the range upmarket.

Global sales of Premium vehicles rose 40% during the year to 320,000 units.

Backed by its successful launch in Europe in the first half of 2011 and in China in July, the Peugeot 508 sold 123,000 units in its first year on the market and reaffirmed the brand's ambitions in the large family car segment, one of its traditional strongholds.

## €600 MILLION

*Peugeot's total investment in France for the launch of the 208, a commitment that confirms the Group's deep roots in its home market.*

**1/3**

*of Peugeot 508 buyers switched from a competitor. This is a sign that the 508 will be a growth engine, outside the B segment, in 2012.*



**VINCENT  
RAMBAUD**  
*Peugeot  
Brand CEO*

*"Following in the footsteps of its illustrious predecessors in the 200 series, the Peugeot 208 has revitalised all of Peugeot by taking the line-up into the next generation. This model, which has the potential to generate 40% of our sales in Europe, is also a major component in our globalisation drive."*

#### **MU BY PEUGEOT: one year on**

This new mobility service is already a success, with 54% more Mu outlets in eight European countries in just one year. Mu by Peugeot reinvents the customer-dealership relationship and boasts a satisfaction rate of 92%.

#### **What's behind these promising results?**

A survey of Mu customers carried out in Spain and France in the first half provides good news for the brand's performance in the areas of differentiation, innovation in services and user experience. Seen as a tailored rental service, Mu attracts automobile enthusiasts who appreciate and know more about top-line cars than the average driver. Drawn to Mu by the prospect of an enjoyable drive, they particularly like the products on offer, the quality of service and the helpful representatives in the outlets—a feature that distinguishes Peugeot from traditional car rental firms.

#### **What impact has this had for the brand?**

Half of the Mu customers surveyed say that the service has changed their image of Peugeot, which they now see as a more vibrant and modern brand and a trailblazer in mobility solutions. Mu customers tend to be relatively young, white-collar professionals who, for the most part, do not currently own a Peugeot. At present, Mu has been deployed at more than 80 sites and served nearly 10,000 customers.

**PASCAL LAMBERT**  
*Market Intelligence and Foresight*

## ENVIRONMENTAL EXPERTISE

During the year, the brand continued to reduce its vehicles' environmental footprint, with average CO<sub>2</sub> emissions falling to 129 g/km at year-end versus 131.6 g/m in 2010. This puts Peugeot below the 130 g/km threshold set by the European Commission for 2015.

Peugeot's environmental policy focuses first on continuously optimising internal combustion engines through downsizing and on developing new generation engines like the three-cylinder EB family of petrol engines (1.0 l and 1.2 l) that offer particularly low fuel consumption and emissions. The first engines from this family will come to market in 2012 in the Peugeot 208.

Hybrid vehicles are another major emphasis, starting with micro-hybrid solutions like the

new generation e-HDi Stop & Start system launched early in the year and available on the 308, 3008, 5008, 508, Partner Tepee and 208. Full hybrid solutions will make their debut in 2012, with the HYbrid4 diesel hybrid powertrain available on the 3008 HYbrid4, 508 RXH and the 508 Hybrid4 sedan.

Electric vehicles for city and suburban driving are a third area of concentration. In its first year on the market, the Peugeot iOn - the first new-generation EV in Europe - confirmed Peugeot's longstanding role as an electric vehicle pioneer.

Lastly, Peugeot Scooters launched the e-Vivacity electric scooter in 2011.

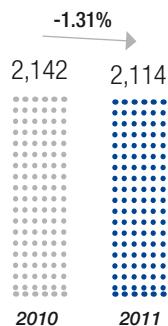


*Peugeot SXC concept car.*

## MORE THAN 3,000

*Peugeot iOn pure EVs sold in the model's first year on the market.*

### PEUGEOT WORLDWIDE SALES (in thousands of vehicles)



### HX1 CONCEPT CAR

The HX1 concept car presented at the 2011 Frankfurt Motor Show pursues the "emotion and innovation" design path taken by Peugeot since the SR1 in 2010. It follows this stylistic route with the clear intention of moving upmarket by offering a new approach to the luxury car. Featuring a sleek, low-slung architecture, the HX1 is a roomy luxury sedan with a monobody style that can seat up to six. The result is absolutely unique.

### 508 RXH: UPWARD MOBILITY IN ACTION



At the same time that it unveiled the 3008 HYbrid4 at the Frankfurt Motor Show, Peugeot presented an exclusive series of a new model that also uses HYbrid4 technology - the 508 RXH. Featuring specific paint shades and a luxury interior, this diesel hybrid offers an original vision of the all-road universe.

### SXC CONCEPT CAR: CALLING CHINA

A product of the China Tech Centre's styling studios and unveiled at the Shanghai Motor Show, the SXC concept car reflects Peugeot's international approach, upmarket strategy and the steady extension of its design orientations to new segments. The SXC is a large luxury SUV with a particularly modern exterior and interior styling.



*Peugeot 508 China.*



*Peugeot 3008 HYbrid4.*



*Rear light of the Peugeot 208.*

## OUTLOOK FOR 2012: THE PEUGEOT 208 AND THE FAMILY OF HYBRIDS

*Peugeot has set three clear objectives in 2012 backed by an ever-more ambitious product policy:*

- *Regain leadership in the compact B segment with the Peugeot 208.*
- *Continue to move upmarket. In 2012, Peugeot will launch three models equipped with HYbrid4*

*technology. This world premiere will give the brand an important lead over the competition in cutting-edge environmental technologies.*

- *Pursue globalisation. Supported by an ambitious product plan, the brand's globalisation drive will continue, notably with the launch of the Peugeot 4008. This new*

*model will spearhead a new line-up for markets outside Europe. The Peugeot 308 will pursue its international development, with market launches scheduled in Brazil and Argentina in the first quarter of 2012. A new locally produced Peugeot model will also be added to the line-up in China before the end of the year.*



pursued its programme to broaden the range, notably with new models from the DS line.

**C**itroën's sales held steady in 2011 despite declining demand in several European markets where the brand has a strong presence. Although the economic environment was difficult, market share in France increased to 15.2%. This good performance reflects the popularity of models like the C3 and C4, which rank among the leaders in their segments.

At the same time, Citroën continued to move upmarket with the launch of the DS4 and presentation of the DS5. The success of the DS3, which has already chalked up 140,000 unit sales, shows no signs of letting up. Citroën made one-third of its sales in the C segment in 2011 and Premium models accounted for 15% of unit sales.

This percentage is almost certain to increase with a full year of sales for the DS4 and DS5 and the 2012 launch of the C4 Aircross compact SUV.

Citroën has set its sights not only on vehicles but also on providing customers with an innovative mobility experience. The development of services that make customers' lives easier is another facet of the brand's growing ambitions. Launched in France in March 2011, the Citroën Multicity Internet portal has already attracted 11,500 customers and more than 200,000 visitors a month. It will be extended to Germany in 2012 and is part of a suite of services, just like Citroën DS Privilège, a club dedicated to DS-line customers in Europe.

Citroën is also pursuing its international expansion. China is now the brand's second largest market worldwide, with 220,000 vehicles sold in 2011. Citroën also sold 128,000 vehicles in Latin America during the year and close to 28,000 in Russia.

## DS5

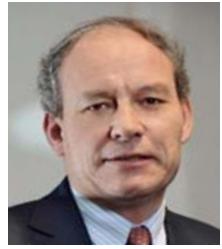
*The first Citroën made in Peugeot's historic birthplace in Sochaux.*

## 16

*New dealerships will be opened in 12 major Chinese cities to support the arrival of the DS4 and DS5.*

Since 2009, the Citroën spirit has been expressed in two words: Créeative Technologie. In 2011, the brand sold 1,436,000 vehicles and





**FRÉDÉRIC  
BANZET**

**Citroën  
Brand CEO**

*"The Citroën story began 90 years ago not far from the Eiffel Tower.*

*Citroën has pushed the envelope throughout its history and continues to thrill car-lovers today with its vehicle design, avant-garde technologies and World Rally Championship victories."*

#### What is Multicity?

The Multicity web portal aims to make travel easier, whatever the means of transport. Users can obtain door-to-door itineraries, book travel tickets, hire a car (including an all-electric Citroën C-ZERO) or purchase travel/weekend packages. What's more, the itinerary search engine also compares the carbon footprint of each solution.

#### Is this last feature a really important?

Yes, it is, because promoting sustainable mobility means encouraging new habits. Consumers are choosing from among different means of transport and considering new alternatives. Citroën is responding to this trend through its automobile line-up, with hybrids and electric vehicles, but we need to go much farther by integrating these innovations in a broader approach. Citroën must also be a mobility provider that facilitates travel for everyone.

#### So Multicity is a response in terms of mobility?

Expectations are changing. People want to be able to get around easily and at the lowest possible cost, without having to prepare too far in advance. Until now, they had to spend hours searching on several sites and there wasn't really any way of comparing one solution with another. Now there is!

**MARIE LAGISQUET**

*Citroën Multicity Marketing Manager*

## RENEWAL IN CHINA THANKS TO TWO JOINT-VENTURES

As part of PSA Peugeot Citroën's DPCA joint-venture with Dong Feng, Citroën now produces a range of vehicles designed for local needs, among them the C-Quatre family and the C5. In 2011, Citroën sold 220,000 cars in what is now the world's largest automobile market. The brand intends to increase its penetration significantly and can already count on a network of 360 dealers and 500 agents.

Citroën has ambitious plans for 2012 and beyond. The DS line will be launched in China in 2012 and will ultimately be made locally as part of PSA Peugeot Citroën's second joint venture in the country with carmaker Changan. The new company, known as CAPSA, will manufacture the DS line and market it through a dedicated sales network. It was no coincidence that the DS5 made its world premiere in Shanghai: starting in 2013 it will be produced locally, followed by a notchback, an SUV and a larger model than the DS5.



## AWARD-WINNING VEHICLES

After being named "Most Beautiful Car of the Year" in 2010, the DS4 was designated "Best Designed Car of the Year" by readers of Germany's Auto Bild magazine. The DS5 was voted "Family Car of the Year" by Top Gear magazine in the UK and won the "Golden Steering Wheel" (Goldenes Lenkrad).

environmental prize from Auto Bild and the "Green Car" award from Argus in France for its HYbrid4 diesel hybrid technology. In 2010, the Citroën DS3 was already voted Car of the Year, all categories, by Top Gear magazine.



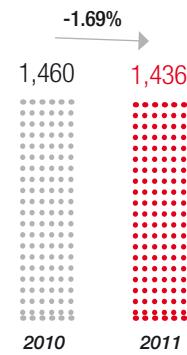
### MOTOR SPORTS: CITROËN STAYS IN FRONT

With a seventh Manufacturer's Title in World Rally Championship racing and an eighth Driver's Title for Sébastien Loeb and co-driver Daniel Elena, Citroën has definitively entered racing history as the brand that has won the largest number of top World Rally Championship events.

# 200,000

The number of Citroën DS3s, DS4s and DS5s brought to market in 2 years.

### CITROËN WORLDWIDE SALES (in thousands of vehicles)



## AIRCROSS: A NEW FAMILY OF PRODUCTS

In 2010, Citroën unveiled the C3 Aircross, an all-road variation on the C3 Picasso entirely designed in Brazil.

The car was an immediate hit. In 2011, the brand extended and cemented the Aircross name with a new

model designed for the worldwide market: the C4 Aircross, a compact SUV that will be introduced starting in the first half of 2012. This new model, available in two- or four-wheel drive, offers top CO<sub>2</sub> performance in its category and an exceptionally roomy

interior for its size. Only 4.34 metres long, the C4 Aircross has five seats and a giant 442 litre boot.



## TUBIK: THE CALL OF THE OPEN ROAD

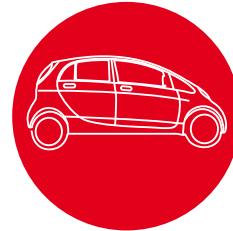
Giving people the urge to travel has always been part of Citroën's DNA. At the 2011 Frankfurt Motor Show, the brand re-interpreted this mission with the Tubik concept car. The design team faced the multiple challenges of offering a new vision of a nine-seater vehicle while providing the styling and features of a contemporary, status-affirming saloon. Citroën's desire to offer unprecedented roominess in a generous but well-proportioned silhouette led its stylists to take a page from the Type H van, whose spacious interior revolutionized its category to such an extent that it was produced for 34 years.

That said, Tubik is anything but a trip down memory lane. Its design was directly linked to the development of Citroën Multicity, an innovative online service that facilitates travel. Reflecting today's lifestyles, Tubik is in many ways a mobile living room for families or groups. Tubik brings people together for the duration of a trip in a comfortable, relaxing

cocoon featuring a wide variety of modular seating arrangements and numerous on-board technologies, from a semi-circular giant screen to a high-definition surround sound system.

The priority given to technology naturally led the team to select a HYbrid4 powertrain, which helps reduce fuel consumption and CO<sub>2</sub> emissions. Tubik, like Citroën's other concept cars, reflects the brand's constant search to take Créative Technologie to new levels.

## C-ZERO: AN ELECTRIC SUCCESS STORY



Citroën's pure-electric solution has proven popular with customers since its launch, with more than 3,300 orders for the C-ZERO city car and the Berlingo First Electric utility vehicle. These EVs are particularly suited for use in corporate fleets.

Citroën Tubik concept car.



Alongside its core business of automobile manufacturing, PSA Peugeot Citroën is also involved in financing activities with Banque PSA Finance, transportation and logistics with Gefco and automotive equipment with Faurecia.



Wholly-owned subsidiary Banque PSA Finance is the Peugeot and Citroën brands' banking partner. Since 1982, it has financed sales of Peugeot and Citroën vehicles in its 23 host countries, as well as vehicle and replacement part inventories in the two brands' dealership networks. In 2011, Banque PSA Finance provided financing for 843,810 vehicles. The loan book stood at €24.314 billion for recurring operating income of €532 million.



Founded in 1949 to meet Peugeot's supply chain needs, Gefco is now one of Europe's top ten logistics companies. With operations in 150 countries, the company is a recognised specialist in domestic and international industrial logistics, both upstream and downstream of the production units. Gefco generates 38% of its sales and revenue from companies outside the Group. In 2011, sales and revenue came to €3,782 million for recurring operating income of €223 million. Also in 2011, Gefco acquired a 70% interest in Gruppo Mercurio SpA, a leading player in the transport and distribution of vehicles in Italy.

The Group intends to sell part of its 100% stake in Gefco in 2012.

**GEFCO'**  
OBJECTIVE:  
*Become the world  
leader in automotive  
supply chain solutions.*





*Gefco supply  
chain platform  
in Madrid.*

**faurecia**

Created in 1998 and 57.43%-owned by PSA Peugeot Citroën, Faurecia is the world's sixth largest automotive equipment manufacturer, with operations in four key segments: automotive seating, emissions control technologies, interior systems and automotive exteriors. In 2011, Faurecia's sales and revenue amounted to €16.19 billion for recurring operating income of €651 million. Faurecia employs 75,000 people at 238 sites and 38 R&D centres in 33 countries.

In its drive to increase sales and revenue and enhance profitability, Faurecia is focusing on five key levers:

- A portfolio of on-going contracts representing product sales of around €34 billion over the life of the contracts, or more than 2.7 times estimated product sales in 2011.
- Continued vigorous growth in Asia, primarily in China and South Korea.
- Solid growth prospects in North America thanks to a favourable customer mix and recognised expertise in premium products and global programme management.
- Technological leadership in controlling emissions, reducing vehicle weight and enhancing interior features.
- Homogenous organic growth trends in all four key segments.

*Solid growth in 2011  
with a margin*

OF **4%**.

*With net profit  
UP **84%**,  
Faurecia recorded its best  
year ever and became  
PSA Peugeot Citroën's  
leading profit centre.*



Peugeot 508 RXH.



2011 was a year of crisis for the European economy, particularly in the automotive industry. PSA Peugeot Citroën's strategic focus on moving its ranges upmarket and achieving a global presence helped it to continue preparing the future.

In 2012, the Group will deploy a rigorous cash management and debt reduction policy to secure its sustained growth in the future.

Peugeot 508 wheel rim.

# RESULTS AND OUTLOOK

## GLOBALISING AND MOVING UPMARKET TO PREPARE THE FUTURE IN A DIFFICULT MARKET

*The strategy of globalising the business base and moving the model ranges upmarket delivered positive results in 2011. During a period that simultaneously saw a contraction in demand in several markets and a deterioration in production conditions, this strategy may not have prevented the Automotive Division from posting a loss for the year, but it more than demonstrated its importance for the future. Moreover, thanks to the other businesses' good performance, the Group was able to report a profit attributable to shareholders of €588 million.*

### ON THE RIGHT STRATEGIC TRACK

In 2011, sales outside of Europe continued to rise, amounting to 42% of the total for the year. This was in line with the announced target of deriving half of all sales from outside Europe in 2015 and two-thirds in 2020. Gains were posted in each of the priority markets, with growth of 7% in China, 11% in Latin America and 34% in Russia.

The upmarket strategy also remained well on the track, with the Premium models now accounting for 18% of consolidated sales, versus 13% in 2010. At the same time, C and D segment family sedans rose to 43% of the sales mix, with their increase inversely proportional to the decrease in sales of A and B segment compacts. That said, the upmarket strategy is not reserved for Premium models alone, but concerns the entire line-up. The Peugeot 208, for example, will offer a higher level of quality and features than the 207. This strategy is also helping to position the Group in promising segments, while winning over new customers and enhancing the image of the brands.

### AN UNFAVOURABLE BUSINESS ENVIRONMENT

However, these successes were severely dampened by the very difficult business environment that emerged at the end of the first half. The recession, along with the withdrawal of scrappage incentives in several countries, caused sales to fall off sharply in these markets, especially in Southern Europe, which still accounts for 58% of consolidated sales. The period also saw an increase in competition, notably in the

compact segments where the Group has a particularly large presence. In turn, pricing pressure intensified, which contributed to the margin erosion. Again, this was especially the case in the A and B segments, where the pressure was accentuated by the end of the Peugeot 206 and 207's lifecycle.

Lastly, inventories rose to 493,000 vehicles at 31 December 2011, reflecting the weak demand at year-end, the disruptions in supply flows and the additional inventory build-up ahead of i) the Porto Real plant's closure for renovation work in January 2012 and ii) recent new model launches. This high level, which represented 69 days of sales, contributed to the negative trend in free cash flow.

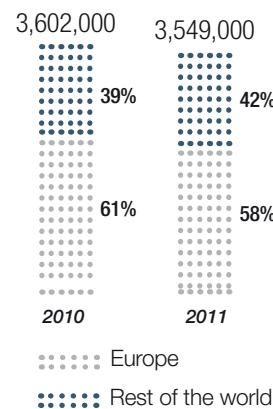
### DISRUPTED PRODUCTION CONDITIONS

In 2011, production output was impacted by severe disruptions in the inward supply chain. The March 2011 earthquake and tsunami that devastated Fukushima, Japan and its surrounding region caused numerous sourcing problems that had a negative impact of around €250 million on the Automotive Division. Other sourcing difficulties, due in particular to a temporary halt in deliveries from Agrati, also impacted supply chain and production plant performance. In addition, raw material prices climbed sharply during the year. Together, these factors, combined with the worsening sales environment, resulted in a negative operating margin for the Automotive Division in 2011.

UP **6.9%**  
*2011 Group consolidated sales and revenue*

**€588 MILLION**  
*Profit attributable to equity holders of the parent*

**WORLDWIDE SALES**  
*(in units and %)*



## RECURRING OPERATING INCOME

**RECURRING OPERATING INCOME BY BUSINESS**  
(in million euros)

	2010	2011
Automotive Division	621	(92)
Faurecia	456	651
Gefco	198	223
Banque PSA Finance	507	532
Other businesses and intersegment eliminations	14	1
<b>Group total</b>	<b>1,796</b>	<b>1,315</b>

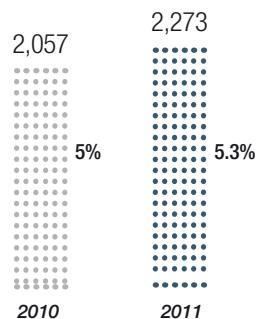
**FINANCIAL POSITION**  
(in million euros)

	2010	2011
Net debt*	1,236	3,359
Total equity	14,303	14,494
Gearing	9%	23%

\* Manufacturing and sales companies.

**AUTOMOTIVE DIVISION  
R&D EXPENSE\***

(in million euros and as a % of  
Automotive Division sales and revenue)



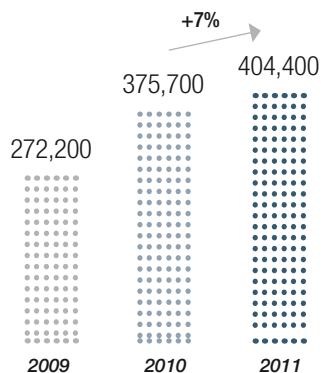
\* Excluding capitalised development costs and amortisation.

## GLOBALISATION IN ACTION

Strong growth in sales outside Europe, which accounted for 42% of total unit sales for the full year and 46% in the second half. The Group is well placed to achieve its objective of 50% in 2015 and 66% in 2020.

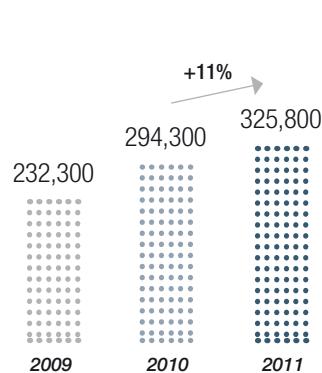
### CHINA

(in units and %)



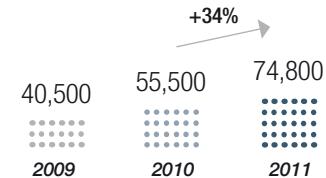
### LATIN AMERICA

(in units and %)



### RUSSIA

(in units and %)



## 2012: STRENGTHENING OUR STRATEGY AND REDUCING DEBT

"Our financial position is still robust and secure. We expect market conditions to remain difficult in Europe in 2012. We will continue our global expansion, notably with our second joint-venture in China, and will pursue our product offensive and strategy to move both brands upmarket."

*Philippe Varin,  
Chairman of the Managing Board  
of PSA Peugeot Citroën*

### THE CASH MANAGEMENT PLAN

In 2012, the Group is concentrating on five key areas:

- Reducing costs more quickly.
- Deploying the new sales and marketing organisation.
- Keeping inventories under tight control.
- Prioritising investments.
- Selling assets.

#### REDUCING COSTS MORE QUICKLY

Efforts already under way are being stepped up, with the goal of achieving €1 billion in savings, versus the €800 million announced

in November 2011. Of this, €400 million will come from purchasing. The other targeted areas are:

- General, administrative and selling costs (€300 million).
- Research and development (€100 million).
- Manufacturing operations (€200 million).

#### DEPLOYING THE NEW SALES AND MARKETING ORGANISATION

The new organisation rolled out in December 2011 is designed to separate the brands' sales and marketing operations from their global strategy, with the goal of generating cost synergy in every host country.

## WORLDWIDE STRATEGIC ALLIANCE BETWEEN PSA PEUGEOT CITROËN AND GENERAL MOTORS



Dan Akerson, Chairman and Chief Executive Officer of General Motors, and Philippe Varin, Chairman of the Managing Board of PSA Peugeot Citroën, sign the worldwide strategic Alliance between their two companies.

*The Alliance announced on 29 February 2012 with General Motors is a partnership of high potential structured around two main pillars.*

**A single purchasing operation:**

- With combined annual purchasing volumes of €100 billion, the Alliance will be the automotive industry's largest global purchaser.
- Together, the partners will have considerable leverage to negotiate prices on global commodity markets.
- Sharing expertise will also enhance the organisation's efficiency.
- The Alliance will stimulate suppliers, who will be able to amortise their investments over larger volumes.

**Shared vehicle platforms, components and modules:**

- An initial focus on B and D segment cars, MPVs and crossovers will allow the partners to share development costs and be more efficient.
- The first car developed on a joint platform is expected to be launched by 2016.
- Both groups will be able to achieve substantial economies of scale.
- The Alliance's production volumes will exceed 12 million units.

# GROUP BUSINESS OUTLOOK

## KEEPING INVENTORIES UNDER TIGHT CONTROL

After declining steadily between 2008 and 2010, year-end inventory levels swelled in 2011, with an increase of 48,000 vehicles compared with the previous year. By the end of 2012, the Group has committed to restoring inventory to 2010 levels, or 61 days of sales worldwide, thereby helping to improve free cash flow.

## PRIORITISING INVESTMENTS

PSA Peugeot Citroën believes that European automobile markets, on which it is still highly dependent, will continue to contract in 2012. As a result, the Automotive Division's investments for the year are being reprioritised, with the decision to:

- Revise the timetable for the plant construction project in India.
- Postpone increases in production capacity.
- Terminate the least profitable projects.

## SELLING ASSETS

Active cash management in 2012 will be supported by an asset disposal plan that should generate around €1.5 billion. The plan, which has already been launched, concerns:

- The divestment of the Citer car rental business, announced on 21 November 2011 and completed on 2 February 2012.
- The sale of property assets.
- The sale of a stake in wholly-owned subsidiary Gefco to outside investors, with PSA Peugeot Citroën remaining the company's strategic shareholder.

Taken together, these measures enable the Group to significantly improve free cash flow\* and reduce debt while pursuing the necessary investments to support the product dynamic and drive growth in Europe and the rest of the world.

\* Free cash flow = Net cash from operating activities – net cash used in investing activities + net dividends received from Group companies.

*Citroën Hongtai Jiangsu dealership in Wuhan (China).*



## CONTINUED GLOBAL EXPANSION

*The Group will continue to expand in China, Latin America and Russia, with several model launches. Capacity will be increased in China with the construction of a third facility in Wuhan as part of the cooperative venture with Dong Feng. The second joint-venture in China with Changan will market the Citroën DS4, DS5 and then the DS3 starting in mid-2012. The Shenzhen plant, currently under construction, will roll out its first vehicles in 2013.*

## CONTRACTING MARKETS

*In 2012, the automotive market looks set to contract by around 5% in the 30-country Europe and by roughly 10% in France. Outside Europe, we are expecting growth of around 7% in China, 6% in Latin America and 5% in Russia.*

## FLAGSHIP PRODUCTS

*Both brands will have very important product launches in 2012. The Peugeot 208, the next model in the illustrious "2" series, will be presented in March and brought to market in the spring, while Citroën will extend its DS line with the new DS5. For PSA Peugeot Citroën, 2012 will also be the year of the diesel hybrid vehicle, with no less than four models equipped with HYbrid4 technology making their exclusive market debut: the Peugeot 3008 HY4, 508 HY4 and 508 RXH and the Citroën DS5 HYbrid4.*



*Car body quality control  
at the Rennes plant.*



The Group continued to actively demonstrate its commitment to corporate social responsibility in 2011. This involved contributing to society by promoting and fostering sustainable mobility, playing an active role in our host communities as an engaged corporate citizen and environmental steward, and implementing a responsible employee relations policy based on continuous dialogue.

# CORPORATE SOCIAL RESPONSIBILITY



Hybrid4

## PROMOTING SUSTAINABLE MOBILITY

*Mobility facilitates access to jobs, leisure activities and social relationships. As a source of freedom, mobility is indispensable to individual and community development. That said, care must be taken to protect the environment and natural resources. PSA Peugeot Citroën has made mobility a key component of its innovation policy by offering vehicles with a smaller environmental footprint for all types of use.*



*Citroën DS5  
instrument panel.*

To significantly reduce CO<sub>2</sub> emissions, it is important to offer affordable solutions and respond to a wide range of needs and uses. At PSA Peugeot Citroën, we have been developing a full range of technologies for many years that have made us one of the world's leading providers of low-carbon vehicles. The average CO<sub>2</sub> emissions of Peugeot and Citroën vehicles sold in 2011 stood at 127.9 g/km versus 132 g/km in 2010. As a result, we are well on the road to achieving compliance with the European emission standards for 2015. This performance will be further improved in 2012, thanks to a constant stream of innovations. These include:

- In a world premiere, the market launch of **HYbrid4 technology**, which combines a diesel HDi powertrain and an electric motor. Available in 2012 on the Peugeot 3008, 508 and 508 RXH and the Citroën DS5, HYbrid4 technology offers high-end driving pleasure and record low carbon emissions—30% lower than a conventional diesel. The Group hopes to sell 100,000 hybrids a year by 2015. We will continue to develop and produce electric powertrains through our BMW Peugeot Citroën Electrification (BPCE) joint venture with BMW.
- The introduction in 2010 of a range of **pure electric vehicles** for consumers and professionals. The Peugeot iOn and Expert and the

Citroën C-ZERO and Berlingo are particularly well suited for city use. In 2011, PSA Peugeot Citroën was the European EV leader, with nearly 30% of the market.

- The deployment of **e-HDi technology** on a very broad range of Peugeot and Citroën models. This latest generation micro-hybrid system stops the engine when a vehicle is at a standstill and automatically starts it back up again when the driver presses on the accelerator. In city driving, it can reduce fuel consumption and CO<sub>2</sub> emissions by up to 15%.

- The development and production of very **fuel efficient petrol and diesel engines**, which remains a critical priority. According to forecasts, vehicles powered by internal combustion engines will still account for 85% of sales in 2020. A recognised specialist in diesel technology, PSA Peugeot Citroën also offers a range of exceptionally fuel-efficient petrol engines. These include the EP family, jointly developed and produced with BMW and the EB family, manufactured in our Trémery plant and available in 2012. These three-cylinder 1.0-litre and 1.2-litre engines help reduce fuel consumption by 8-25% while cutting down engine weight by 21-25kg.



**VINCENT  
BASSO,**  
Hybrid project  
manager

### Why did you develop a diesel hybrid technology like HYbrid4?

Until now, hybrid vehicles have been designed for markets like the United States or Japan, which have virtually no diesels in their fleets. Yet these hybrids' carbon emissions are comparable to those of the latest generation European diesel engines.

In Europe - notably thanks to PSA Peugeot Citroën - we have very effective diesel powertrains. Combining the two technologies in a market where that is possible offers a particularly attractive path to improved performance. Compared with a conventional diesel engine with the same horsepower, HYbrid4 can reduce carbon emissions by around 35%.

### Can you improve on these figures?

Yes, by moving on to the next phase, which we're already working on: plug-in hybrids. This technology offers greater range in pure-electric mode and can cut CO<sub>2</sub> emissions in half.

### What about countries with few or no diesel vehicles in their fleets?

We can adapt our hybrid technology to petrol engines in markets where that may be necessary. Advances in petrol engines can also deliver very good results.

**95** G/KM OF CO<sub>2</sub>

*The average fleet carbon emissions target set by the European Union for 2020.*

**-24%**

*The decrease in average CO<sub>2</sub> emissions from European-made automobiles in the past 15 years.*

*Peugeot 3008 HYbrid4.*



## COMPREHENSIVE MANAGEMENT OF ENVIRONMENTAL IMPACT

*PSA Peugeot Citroën's approach goes beyond compliance with emissions regulations to address all of its vehicles' environmental impacts, from the drawing board to end-of-life management.*

### OPTIMISING VEHICLE WEIGHT

Over the past twenty years, the installation of more and more on-board equipment, combined with mandatory changes in body architecture to protect passengers in the event of a collision, have led to a general increase in vehicle weight. Technological advances, notably in metal processing and mechanical engineering, are making it possible to reverse this trend and start a virtuous circle of weight reduction for new generations of vehicles that will mean better fuel economy, fewer CO<sub>2</sub> emissions and less use of natural resources. We are resolutely following this path and have set an objective of making our new cars 100kg lighter than the models they replace starting in 2012 in Europe. This is already the case for the Peugeot 208, launched in the spring of 2012, which weighs 110kg less on average than the Peugeot 207.

### ECO-DESIGN

We have been working for many years on a strategy to significantly increase the percentage of recycled or bio-sourced materials in our vehicles. Our ambitious objective is to achieve a rate of 30% green materials in new vehicle projects in 2015. The Peugeot 208 contains 25% green materials, exceeding the target of 20% for 2011. In a world first, these materials are now being used in style components, such as the Peugeot 208's bumpers.

### RECYCLING AND RECOVERING END-OF-LIFE VEHICLES (ELVs)

Under a European directive, automobile manufacturers will be fully responsible for taking back and disassembling end-of-life vehicles in the 27 countries of the European Union as from 2013. It also stipulates that, by 2015, 95% of a vehicle's weight must be recovered

and 85% recycled. PSA Peugeot Citroën's results are in line with these targets. Already, we comply with the directive in 23 out of 27 countries and we have achieved an effective recycling rate of 88% in France.

*Reduce the weight of new vehicles by*

**100 KG**

*compared with the vehicles they replace.*



## A PHOTOVOLTAIC CAR PARK

The roof of the car park at the entrance of the PSA Peugeot Citroën plant in Sochaux was covered with 9,300 square metres of photovoltaic panels in September 2010. Thanks to these modules, installed by Veolia, the site is able to produce 1,250,000 kilowatts a year—equivalent to the amount of electricity used by around 380 households—and reduce its CO<sub>2</sub> emissions by 450 tonnes a year.



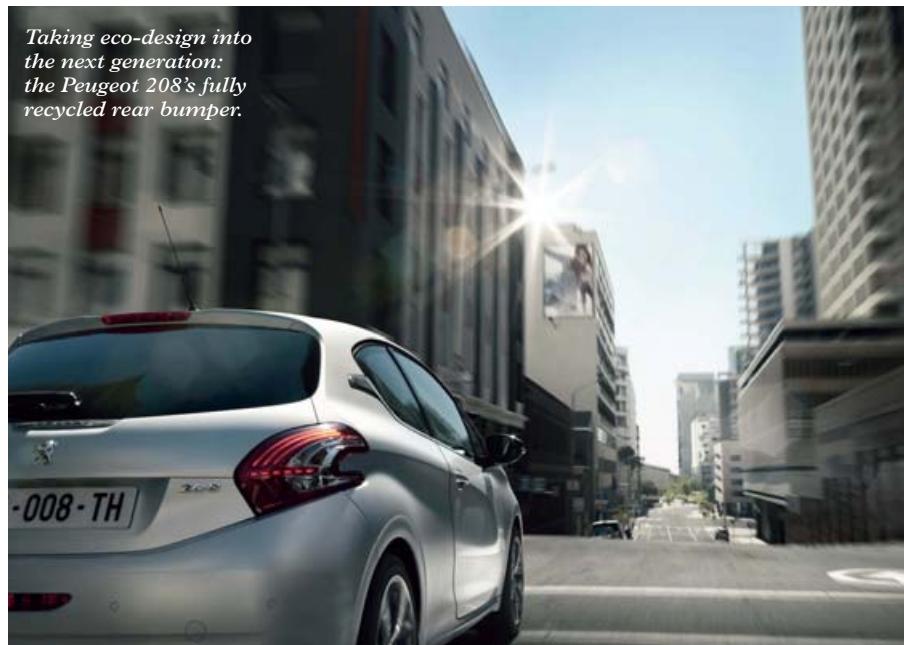
## TECHNATURE: ENVIRONMENTALLY FRIENDLY CAR CARE PRODUCTS

In 2011, the Peugeot and Citroën brands launched a full range of environmentally friendly car care products under the Technature name. Technature offers consumers and professionals effective, high-tech products that are gentle on the environment. The products are 60-99% biodegradable and their contents are 80-100% natural.



## PEUGEOT 208: UNIQUE INNOVATIONS

The Peugeot 208 has taken eco-design to a whole new level, with green materials accounting for 25% of its 170kg of polymers (excluding rubber). This compares with 7% for the Peugeot 207. What's more, the radiator frame and fan and the rear bumper are entirely recycled. This marks a world first, as until now, recycled materials have only been used for concealed parts. The bumper alone represents 1,600 tonnes of oil saved in a year. Green materials are also used for many other parts and sub-assemblies, including wheel well inner liners, soundproofing, boot carpeting, steering wheels, seats, engine covers and air filters.



Peugeot 208  
cockpit.

## NEW INNOVATIONS FOR MOBILITY AND CONNECTED SERVICES

### A NEW WAY OF LOOKING AT MOBILITY

Lifestyles are changing very quickly, and car ownership isn't always sufficient for meeting all mobility needs. This analysis has prompted the Peugeot and Citroën brands to develop new types of innovative services.

### A DIFFERENT VEHICLE FOR EACH NEED WITH MU BY PEUGEOT

Subscribers to the Mu by Peugeot service have access to a wide range of rental solutions depending on their specific needs, from bicycles and scooters to cars (including EVs) and light commercial vehicles, as well as all types of accessories (GPS, car seats, etc.). A resounding success since it was launched in 2010, Mu by Peugeot has attracted more than 8,000 customers in eight European countries. The service will continue to be deployed in the years ahead, primarily in large European cities. A target of 200 sites in Europe has been set for 2013.

Mu by Peugeot has won several awards for its innovative approach in Germany, Belgium, Spain and the United Kingdom.

### CONNECTING CARS AND OTHER MODES OF TRANSPORT WITH CITROËN MULTICITY

The subscription-free Citroën Multicity web portal, which came on line in March 2011, makes it easy to compare all available transport solutions, door-to-door, when planning a trip. The site compares not only cost and travel time, but also the carbon footprint of each solution. Users can also book tickets and hotel rooms online, as well as hire a car. Thanks to the exclusive Call Car feature, they can even have the car delivered to their door in less than three hours.

## CONNECTED SERVICES ON THE MOVE

*Thanks to the autonomous telematics box (ATB), which includes a SIM card, Peugeot and Citroën are able to offer connected services that reduce the environmental impact of mobility while making travel safer and more efficient.*

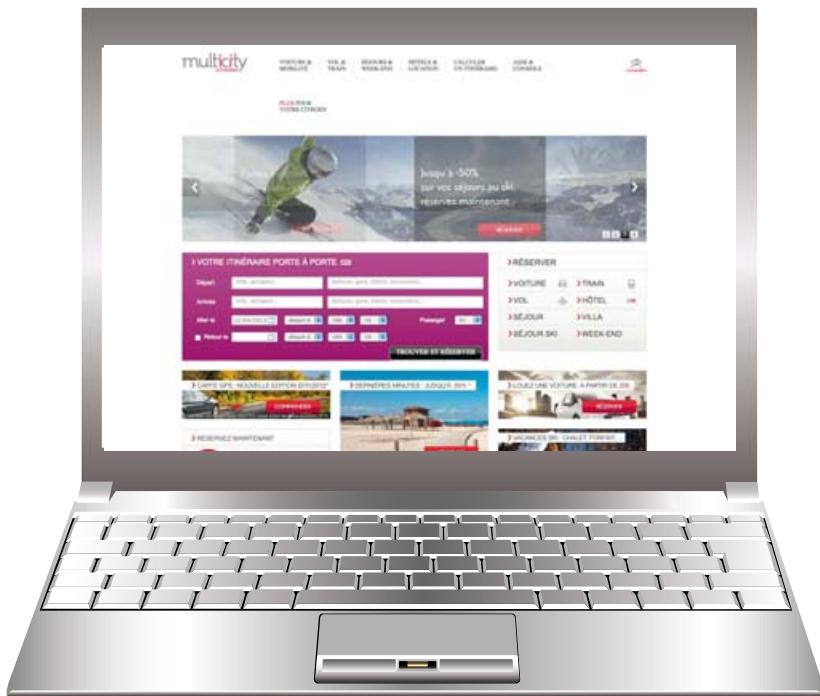


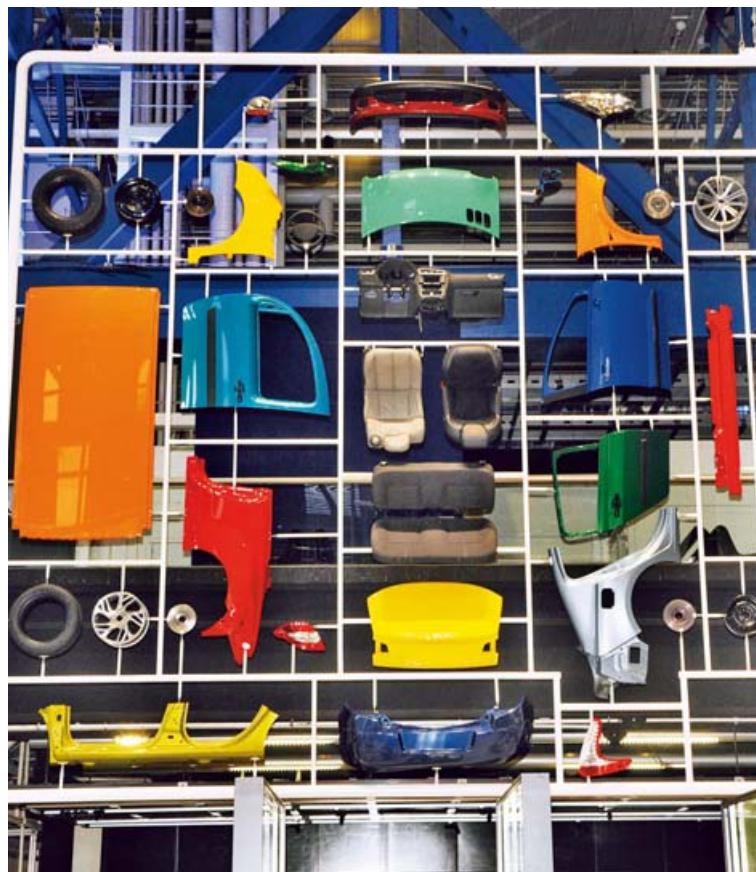
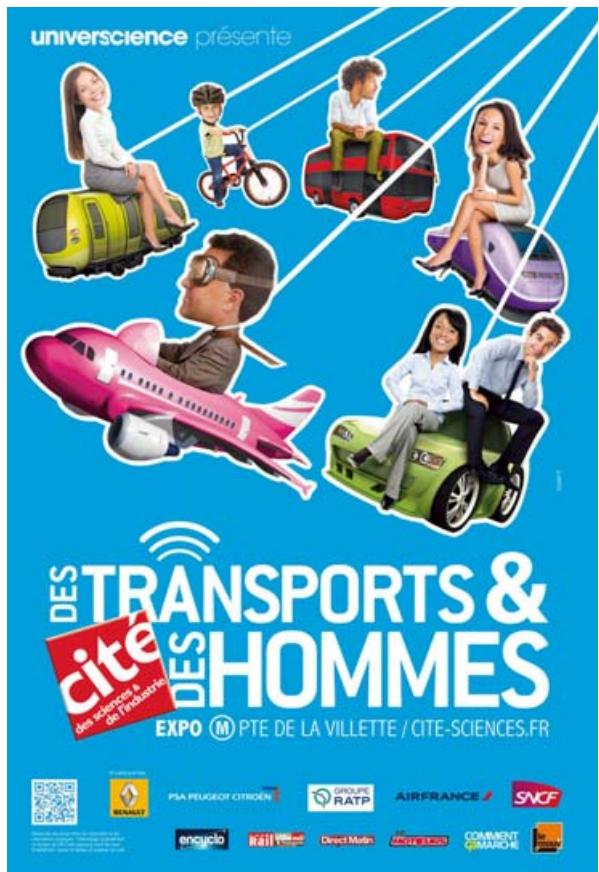
### PEUGEOT CONNECT

Peugeot Connect offers a range of innovative services based on information sent directly from the vehicle. These include location-aware emergency call and assistance services, available 24/7 at no extra cost in ten European countries. For fleet managers, the Peugeot Connect Fleet service provides remote access to odometer readings and maintenance data for more effective management. Lastly, a real-time alert system for safety data helps ensure that maintenance work is done on a regular basis.

### CITROËN eTOUCH

In addition to location-aware emergency call and assistance services, eTouch offers a web-based virtual maintenance log and eco-driving lessons. These features allow motorists to carefully track fuel consumption and CO<sub>2</sub> emissions and schedule vehicle servicing and maintenance.





## AN INNOVATIVE RESEARCH AND PARTNERSHIP APPROACH

Each year, we devote on average the equivalent of 5% of revenue to research and development. Our innovation teams are, of course, focused on environmentally friendly energy sources and design methods, as well as vehicle design and safety, an area in which we would like to internationalise our European expertise.

The guiding principle of our research is that innovations must be competitively priced so that they can reach the largest number of motorists possible.



### A LEADING SOURCE OF INNOVATION

PSA Peugeot Citroën filed 1,237 patents in 2011, making it France's leading patent filer for the 5th year in a row. The Group has six research and development centres worldwide – four in France (Vélizy, Sochaux-Belchamp, La Garenne and Carrières-sous-Poissy), one in China (China Tech Centre in Shanghai) and one in Brazil (divided between São Paulo and Buenos Aires). The Automotive Design Network styling centre is home to the two brands' design studios, plus all of the innovation and vehicle architecture teams, comprising nearly 1,000 people in all. Lastly, two vehicle test centres are located in Belchamp and La Ferté-Vidame, France. Across the Group, 16,600 people are involved in research and development.

### COOPERATION WITH MAJOR GLOBAL CARMAKERS PROVIDES AN ADDED STRENGTH

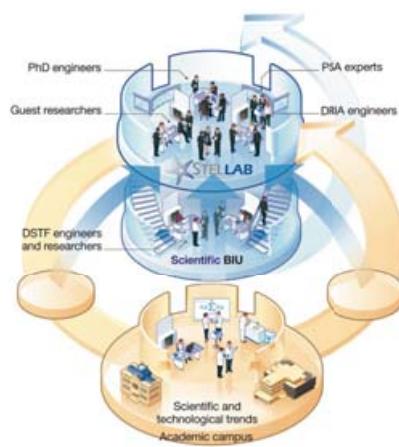
PSA Peugeot Citroën has a strategy of targeted cooperation with major global carmakers to jointly develop vehicles and mechanical sub-assemblies. These agreements, which make it possible to share costs, are a key factor in our capacity for innovation. With Ford, we are the world's leading manufacturer of diesel engines, while the petrol engines designed and developed with BMW set the industry standard in their category. We deepened our cooperation with BMW in 2011 by creating a joint venture called BPCE to develop and manufacture components for hybrid powertrains. In vehicles, we cooperate with Toyota on compact cars, with Mitsubishi on electric vehicles and SUVs and with Fiat on utility vehicles. In the spring of 2011, Fiat announced that it intended to end the partnership at Sevelnord in 2017.

# 16,600

In all, 16,600 PSA Peugeot Citroën team members work in R&D every day, including 1,400 in Latin America and 500 in Asia.

## PARTNERING ADVANCED RESEARCH

For our most advanced research, we also leverage the StelLab (Science Technologies Exploratory Lean Laboratory) network we created in 2010. This network coordinates joint research facilities known as OpenLabs, which pool the partners' research teams and testing resources to explore major themes concerning the future of the automobile and to closely follow scientific discoveries worldwide. Six OpenLabs were inaugurated in 2011 and others are scheduled to come on stream in 2012, notably outside France. At the same time, we have been pursuing our partnerships with leading business and engineering schools and universities. In 2011, we inaugurated the André Citroën Chair in Mechanical and Multiphysics Modelling at Ecole Polytechnique and the PSA Peugeot Citroën Chair in Robotics and Virtual Reality at Ecole des Mines ParisTech.



# SUPPORTING SUPPLIERS IN THE DRIVE FOR EXCELLENCE

Purchases represent 80% of the average cost of a vehicle.

For this reason, we work closely with suppliers on costs, quality, innovation and value creation, with the goal of nurturing long-term, mutually beneficial relationships.

## **SUPPLIER RELATIONSHIP EXCELLENCE: CREATING LASTING COMPETITIVE ADVANTAGE**

The Excellence in Supplier Relations project responds very far upstream to challenges involving all aspects of automobile projects, in such areas as research and development, technical issues and production. Through this project, we have forged special relationships with a group of 15 world-class suppliers, who are involved at the early stages of our strategic process as part of a win-win approach. The goal is to pool our expertise by creating long-term relationships, in a spirit of continuous improvement.

## **SOLID, LONG-TERM RELATIONSHIPS**

For PSA Peugeot Citroën, good supplier relations are based not only on cost criteria, but also on a commitment to continuous improvement and compliance with CSR standards aligned with our own.

Compliance with employee relations requirements is a determining factor in our supplier selection process. We have issued a charter that clearly explains the corporate social responsibility standards we expect suppliers to meet. By signing this charter, suppliers make a formal commitment to meet our requirements. In 2011, 90% of our total purchases were made from suppliers who had made such a commitment. Non-compliance with International Labour Organisation principles can result in penalties and, ultimately, removal from our list of suppliers.

Different measures, including self-evaluation surveys and audits, are carried out to raise awareness among suppliers in at-risk regions.

## **ON-GOING SUPPORT**

As an active corporate citizen in its host regions, PSA Peugeot Citroën is committed to increasing its local purchases, which help maintain subcontractors near its plants.

In 2011, we decided to second 250 employees to our supplier development programme, under the Purchasing Department's responsibility. This programme offers dedicated support for supplier sites in the areas of quality, lean manufacturing and logistics.

## **WEATHERING CRISES TOGETHER**

Our supplies were heavily impacted by two major events in 2011. The first was the March tsunami in Japan, which led to a sudden halt in production of electronic processors at plants located in the devastated region. The second was a wide-scale IT dysfunction that disrupted the supply chain of our French sites' largest screw supplier in the autumn. The Purchasing Department set up a crisis team in liaison with the Industrial Operations Department and Gefco to plan and immediately deploy emergency measures that helped limit production losses and late deliveries to customers.

*In addition to its 15 strategic suppliers, the Group will officially recognise around 100 major suppliers between now and 2015. These mid-sized regional enterprises will have to demonstrate:*

- A capacity for innovation.
- A desire to support the Group in its international development.
- A solid financial position.



**PSA Peugeot Citroën recognised 17 suppliers at its seventh annual Supplier Awards in 2011.**

*The awards recognised the performance of suppliers from France, other European countries and around the world for their relationship with PSA Peugeot Citroën in five critical categories: quality, innovation, parts and services, cost management and manufacturing excellence.*

## **MAINTAINING A COMPETITIVE AUTOMOTIVE INDUSTRY**

PSA Peugeot Citroën supports the creation of a governing body for the automotive industry in France, which represents 900,000 direct jobs. We spent nearly €2 billion in 2009 to support the industry and are continuing to contribute. The industry needs to speak with a single voice in addressing such major issues as the development of common standards, research, training and industrial performance.

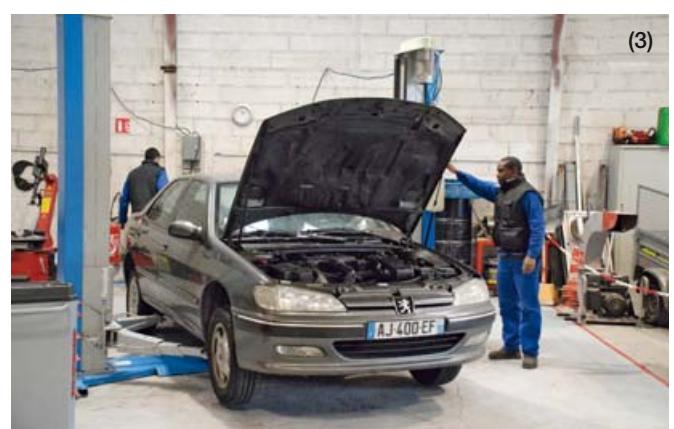
**95%**

*of the series parts used by our plants in France are made in Europe.*

*At our Porto Real plant in Brazil, an average*

**75%**

*of the parts used are purchased in Latin America.*



# EMBRACING THE CHALLENGES OF MOBILITY

*PSA Peugeot Citroën contributes to forward-looking thinking about the challenges facing society, notably in the area of mobility. On the ground, it also participates in practical projects to promote environmental stewardship and road safety in its host regions. The Corporate Foundation founded in 2011 offers new possibilities for supporting innovative projects.*

## THE CITY ON THE MOVE INSTITUTE (IVM)

The City on the Move Institute (IVM) created in 2000 reflects the Group's desire to promote pluri-disciplinary and multicultural research on the challenges of urban development and the related mobility issues. In 2011, IVM pursued its mission through a number of exhibits, including "The Street Belongs to All of Us!" in São Paulo, Brazil and "Dream Cities, Sustainable Cities" in Toulouse, France. It also organised seminars and workshops, notably in China, as well as research conventions in several countries, in cooperation with local officials.

In March 2012, IVM organised a conference entitled "The Making of Movement" in Paris with Université Paris Est, French regional planning agency IAURIF and French think-tank Fabrique de la Cité to consider different public policy options around the world in the area of mobility and review the results of a large-scale international study of young people's aspirations conducted by IVM.

## THE WORLD ON THE MOVE FOUNDATION

Taking its societal commitment to a higher level, PSA Peugeot Citroën created the World on the Move Corporate Foundation in 2011 to support social, educational, cultural and environmental projects in the field of mobility, as mobility provides access to education, culture, healthcare and jobs.

Since the Foundation was created, more than 50 projects have received support. The Foundation is intended to play a worldwide role, with a preference for projects in our host regions. To do this, it leverages our employees' involvement by sponsoring volunteer-based projects and initiatives. Both individually and collectively, the Foundation helps bring non-profit associations and business together to serve the greater good.

One example is the Group's partnership with the Paris emergency social services agency (1) (Samusocial), through which we donate and maintain the agency's roaming fleet of vehicles. Initiated in 1996, this partnership has been expanded with the creation of our new Foundation. In October 2011, some 50 Group employees volunteered to help out at the agency's observatory.

Another example is the world's first mobile museum, known as MuMo (2). Thanks to the Foundation's support, MuMo takes art to places it has never been before. Designed for school children age 6 to 10, MuMo tours French and African villages through a partnership with primary schools under the patronage of Unesco. The Foundation has also supported the creation of a community auto repair shop (3) in Orléans, France, that gives welfare recipients a place to maintain and repair their vehicles while also creating jobs.



## ROAD SAFETY: A CONSTANT CONCERN

*Improving road safety is one of our priority objectives, both in vehicle design and in our sponsorship activities.*

*Our French production facilities and office sites lead road risk awareness building programmes for employees, their children and the host community, comprising safe driving courses, free tyre and headlight inspections, brochures, exhibits, events, driving simulators and drink driving tests.*

*These initiatives are carried out in partnership with schools and organisations like the Macif insurance company, local fire brigades and the Prévention Routière road safety association. Similar programmes are carried out in other countries, such as Argentina, where the Road Safety Guardians campaign introduced in 2010 and repeated in 2011 has already taught 4,500 children in 90 schools about road safety.*

## A CARBON SINK IN BRAZIL

*The carbon sink created 13 years ago by PSA Peugeot Citroën and France's National Forestry Office (ONF) in Brazil's Amazon basin is a pioneering project devoted to primary forest conservation and reforestation, with 50 native species reintroduced.*

*So far, the carbon sink has sequestered more than 110,000 tonnes of CO<sub>2</sub>. In 2011, it generated carbon credits certified under the Verified Carbon Standard (VCS) protocol. The proceeds will be fully reinvested in the project's scientific and environmental work, which includes mapping the site's flora and fauna, reintroducing biodiversity and studying the carbon sequestration potential of different tree species.*

## A GLOBAL HUMAN RESOURCES POLICY

*In all of our host countries, we promote a human resources policy aligned with our values, which are based first and foremost on organised, responsible and open social dialogue. Workplace health and safety is a prime concern.*

In 2011, PSA Peugeot Citroën employed 209,000 people in 160 countries, including nearly 123,000 in the Automotive Division. To support our international development and on-going changes in our business, we have set up framework agreements designed to ensure responsible, efficient human resources management on a global level. These global framework agreements, signed with the European Metalworkers' Federation (EFM) and the International Metalworkers' Association (IMF), are deployed worldwide.

In 2011, two major agreements were signed in France concerning a new employee health insurance plan and certification for works council management.

### MANAGING SKILLS

PSA Peugeot Citroën has enhanced its human resources planning and development policy to respond effectively to an economic environment shaped by numerous sources of uncertainty and rapidly changing automotive professions. Our policy is designed to help Group employees navigate these changes and ensure over the

long term that we have access to the skills we need to build our future.

As part of the broader performance plan introduced to restore our financial position, a workforce reduction plan in Europe was presented to the Central Works Council in October 2011 that concerned 1,900 jobs in France and 600 in the rest of Europe.

Retraining programmes have been deployed for employees in so-called sensitive jobs that are deemed to be in decline. The job redeployment plan for 2012 is giving priority to reassessments within the Group.



Ergonomic workstation.

## WORKPLACE SAFETY: AN ABSOLUTE PRIORITY

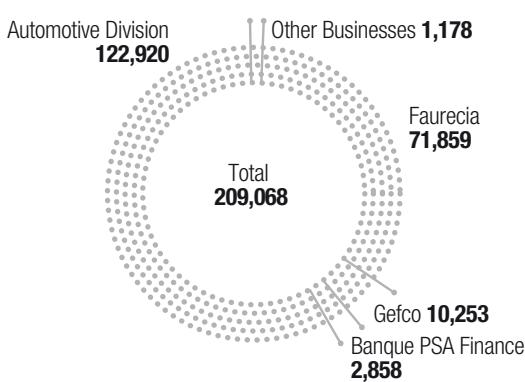
*In 2011, the lost time incident frequency rate stood at 2.42, down 38% from 2010. Our objective is to reduce the rate to below one point by 2013. Our workplace health and safety policy is built on the involvement of all team members, and especially Senior Management. This policy puts an emphasis on prevention, notably in five key areas: musculoskeletal disorders (MSDs), chemical, psychosocial and road risks and the identification of risky behaviours.*

### PROMOTING INTERNAL MOBILITY

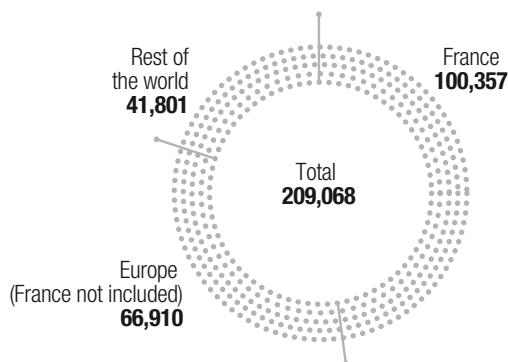
*In 2011, 5,000 employees in France were reassigned within the Group. Of these, 1,000 moved to a new site and 1,300 changed departments.*

## WORKFORCE

**NUMBER OF EMPLOYEES  
BY SUBSIDIARY WORLDWIDE  
(at 31 December 2011)**



**NUMBER OF EMPLOYEES  
BY REGION  
(at 31 December 2011)**





## PSA EXCELLENCE SYSTEM

The PSA Excellence System was designed to help the Group meet its ambition of operating efficiency. This working and management method is based on the principles of lean management (see sidebar) and a culture of continuous improvement. To function properly, the system requires compliance with a clearly defined framework and the implementation of simple, easy-to-understand and efficient procedures. In 2011, an internal

competition was organised for all teams in all our host countries to select the five teams who had contributed the most through the PSA Excellence System to improving Group efficiency in the areas of safety, innovation, quality and business performance. Some 510 teams participated, highlighting the extent to which employees have embraced this continuous improvement approach.

## WHAT IS LEAN MANAGEMENT?

*Lean management is designed to focus exclusively on operations that create value for the customer, with a view to continuous improvement.*

*In particular, it helps eliminate the waste that weighs on the efficiency and performance of a company, production unit or department.*

*The deep involvement of all team members is a key success factor.*



*Inventory management at the Trémery plant.*

## EQUAL OPPORTUNITY AND TRAINING: FOSTERING PERSONAL DEVELOPMENT

*Our growth as a company goes hand in hand with our employees' growth in terms of self-fulfilment and skills enhancement. Personal development and training are an integral part of our human resources policy.*

At PSA Peugeot Citroën, equal opportunity is the basic building block of a fair and ethical human resources policy. This focus on equal treatment includes preventing the risk of discrimination in the workplace. A number of measures were taken in 2011 as part of this approach.

### GENDER EQUALITY IN THE WORKPLACE

A new three-year agreement on gender equality was signed with all the labour unions in February 2011. Following this agreement, French standards organisation Afnor renewed PSA Peugeot Citroën's Equal Opportunity Employer label. We were the first large company to obtain this label when it was introduced in 2005.

The new agreement is structured around three main commitments: supporting the integration of women in a traditionally male-dominated industry, guaranteeing gender equality in the company and improving women's access to senior management positions. Further upstream, we have taken major steps to promote our professions in schools and universities in partnership with several associations. We have also promoted the creation of the Women Engaged for PSA network, which now has more than 150 women managers in its membership.

In recognition of these measures, we received the first certification awarded under the Gender Equality European Standard in 2011.

### INTEGRATING AND EMPLOYING THE DISABLED

In 2011, we renewed and expanded our existing agreement on integrating and employing the disabled.

Among other things, the agreement calls for partnerships with associations specialised in the recruitment and employment of disabled persons and describes measures to promote the recognition of disabilities, pursue initiatives to adapt jobs and develop assistance for disabled individuals. The agreement also includes a chapter on facilitating access to Group facilities and on deploying an active policy to source from sheltered workshops.

### PSA UNIVERSITY: A WINDOW ON THE WORLD

Created in 2010, our corporate university offers training programmes that support the Group's ambitions and values by ensuring that our team members have the necessary technical and managerial skills. To make this mission global in scope, we have opened two branch campuses in São Paulo and Shanghai. In 2011, the University certified 54 skill-specific training programmes in the Group's 113 professions. It also signed 23 partnership agreements with leading engineering and business schools and universities around the world. The agreements are designed to establish long-term relationships with institutions of higher learning and promote the creation of teaching and research laboratories and academic chairs.



**22%**

*of our employees are women.*

### ACCESSIBILITY

*We have invested €2.5 million over three years to facilitate accessibility at 27 manufacturing sites, with the installation of wheelchair ramps, audio signals for the visually impaired and other systems. A total of 180 dealerships in the Peugeot Citroën Retail network are also involved in this initiative.*

### PROMOTING WORK-LIFE BALANCE

*For more than 30% of our employees, achieving a healthy work-life balance is a top-of-mind issue and, at times, a source of stress. In response, we work with employees to devise individualised solutions. Whenever possible, we accept employee requests to work part time. PSA Peugeot Citroën is also a founding member of a "Daycare and Businesses" club initiated by the French Ministry of Labour, Social Relations, Family and Solidarity. In 2011, Group employees had access to more than 130 slots in daycare centres in France.*



# TEN SUSTAINABLE DEVELOPMENT COMMITMENTS

The table below presents our most notable sustainable development commitments formalised within the framework of our corporate social responsibility objectives.

COMMITMENTS	2012/2013 OBJECTIVES	VISION 2015/2020
<b>SETTING THE STANDARD IN SUSTAINABLE MOBILITY</b>		
Increase the proportion of low-carbon vehicles in the sales mix.	As from 2012: Sell one million vehicles emitting less than 120 g/km of CO <sub>2</sub> in Europe, representing <b>44%</b> of passenger car and light commercial vehicle sales.	2015: <b>65%</b> of the Group's passenger cars and light commercial vehicles sold in Europe emit less than 120 g/km of CO <sub>2</sub> . <b>25%</b> of the Group's passenger cars and light commercial vehicles sold in Europe emit less than 100 g/km of CO <sub>2</sub> .
Offer hybrid and electric vehicles.	2012: Four promising diesel hybrid models launched in 2012.	2020: Offer diesel hybrids in the catalogue whose results in terms of mix will be aligned with the market.
Sharply increase the proportion of green materials (recycled, natural or biosourced) in Peugeot and Citroën vehicles.	For vehicle projects finalised in 2012-2013, renewable or recyclable materials to account for <b>27%</b> of non-metallic and non-mineral materials.	For new vehicle projects in 2015, renewable or recyclable materials to account for <b>30%</b> of non-metallic and non-mineral materials.
Extend safety systems across the vehicle line-up.	Total at year-end 2012: A total of 1.5 million vehicles produced in Europe to be equipped with the emergency call system.	2015-2020: Pursue deployment in line with the new European regulation.
Be the first carmaker to offer customised, multi-product mobility services.	In cities with a population of more than 300,000, deployment of Mu by Peugeot - At year-end 2012: 200 sites to be opened in Europe - At year-end 2013: 9 countries to be covered (France, Germany, United Kingdom, Italy, Spain, Netherlands Belgium, Switzerland and Austria).	2015-2020: Develop a sustainable mobility solution for business customers (including car pooling, car sharing, and travel-related audits and carbon footprint analyses) in partnership with leading mobility operators. For individual customers, continue deploying and developing Mu by Peugeot, including with partners.
	Develop Citroën Multicity - 2012: 19,000 transactions and Multicity to be launched in Germany - 2013: launch of Multicity in three other countries.	By 2015: Deploy Citroën Multicity in seven European countries, Brazil and China. 2015-2020: facilitate automobile travel through an array of customised services provided by the on-board Multicity Connect offering.
Continue to reduce the environmental footprint of manufacturing operations.	2012: Carefully manage energy consumption, with a target of 2.05 MWh per vehicle produced.	2015: Carefully manage energy consumption, with a target of 2 MWh per vehicle produced.
<b>A FULL-FLEDGED PARTNER TO ITS HOST COMMUNITIES</b>		
Develop sustainable, mutually beneficial relationships that comply with the highest social responsibility and environmental responsibility requirements.	2012: Maintain purchasing volumes from sheltered workshops and other organisations that employ the disabled at 2 to 2.5 points of the percentage of handicapped employees at PCA France. <i>PSA Peugeot Citroën is France's leading buyer of standard parts from sheltered workshops.</i>	2015-2020: Remain among France's leading purchasers from sheltered workshops and other organisations that employ the disabled and provide these suppliers with work plans that offer five-year visibility.
Provide an additional contribution to civil society in response to environmental and social issues: mobility, local development and community outreach.	Develop the corporate foundation launched in 2011 with a €2 million annual endowment through 2015 and, in 2012, secure the foundation firmly within the Group through the involvement of 1,000 employees.	Ensure the foundation's long-term viability and enable it to play a key role in sustainable mobility and community mobility projects in the Group's host regions.
<b>A CONCERNED CORPORATE CITIZEN</b>		
Provide employees with a safe, healthy workplace in which their talent can flourish.	Reduce the lost time incident frequency rate, including temporary employees, to less than 1 point at year-end 2013.	Maintain the lost time incident frequency rate, including temporary employees, at less than 1 point.
	Continue to improve plant workstation ergonomics, with the goal of reducing the percentage of "heavy" workstations to <b>8%</b> and increasing the percentage of "light" workstations to <b>58%</b> in 2012.	Reduce the percentage of "heavy" workstations to <b>7%</b> and increase the percentage of "light" workstations to <b>60%</b> by 2020.
Strengthen the rules of ethical behaviour across the Group.	2012: 20,000 managers trained in the Code of Ethics.	Annual audits of compliance with the Code of Ethics resulted in no major observations.

## PRODUCTION SITES AND MAIN INDICATORS

### AUTOMOTIVE PRODUCTION FACILITIES

Plant	Country	Vehicles produced in 2011	2011 Unit sales
Wuhan*	China	207 (hatchback and notchback), 307 (hatchback), 308, 408, 508, C2, C-Elysée (notchback), C-Quatre (hatchback and notchback), C-Triomphe, C5	404,404
Sochaux	France	308 sedan, 308 SW, 308 CC, 308 station wagon, 3008, 5008, DS5	372,224
Vigo	Spain	C4 Picasso, Grand C4 Picasso, Berlingo, Partner	355,797
Mulhouse	France	206+, 308, C4, DS4	320,005
Poissy	France	207, 207 SW, C3, DS3	237,981
Rennes	France	C5, C5 Tourer, C6, 407 coupé, 508 (+ station wagon)	182,257
Kolin *	Czech Republic	C1, 107	179,977
Trnava	Slovakia	207, C3 Picasso	177,789
Buenos Aires	Argentina	206 Generation, 207, 307, 408, Partner, C4, Berlingo	150,373
Porto Real	Brazil	207, 207 SW, 207 Passion (notchback), Hoggar, C3, C3 Aircross, Xsara Picasso	145,762
Aulnay	France	C3	135,787
Sevelsud*	Italy	Boxer, Jumper (Relay)	98,522
Madrid	Spain	207, 207 CC, 207 SW	95,809
Sevelnord*	France	807, C8, Expert, Jumpy (Dispatch)	74,992
Mangualde	Portugal	Partner, Berlingo, Partner Origin, Berlingo First	50,291
Kaluga*-SKD**	Russia	308, C4, C-Crosser, 4007	44,140

\* Cooperation agreements and joint ventures.

\*\* SKD: Semi Knocked Down (assembly).

### PARTNER PRODUCTION SITES

			2011 Unit sales
Bursa (Turkey)	Karsan	Partner Origin, Berlingo First	16,777
	Tofas	Nemo, Bipper	68,166
Mizushima (Japan)	Mitsubishi	4007, 4008, C-Crosser, C4 Aircross, iOn, C-ZERO	21,039

## MAIN INDUSTRIAL ENVIRONMENT INDICATORS

ISO 14001 certified sites:

Aulnay, Belchamp, Buenos Aires, Caen, Charleville, Hérimoncourt, La Garenne, Madrid, Mangualde, Metz, Mulhouse, Poissy, Porto Real, Rennes, Saint-Ouen, Sept-Fons, Sochaux, Trémery, Trnava, Valenciennes, Vesoul, Vigo, Française de Mécanique (JV), Sevelnord (JV), Wuhan (JV), Xiangyang (JV), Sevelsud (JV), Kolín (JV).

	Units	2009	2010	2011
Direct energy consumption	<i>MWh ncv</i>	Total	2,430,864	2,831,584
		o/w PCA	► 2,141,828	► 2,507,405, ► 2,004,560
Indirect energy consumption	<i>(MWh)</i>	Total	2,868,712	3,051,659
		o/w PCA	► 2,648,210	► 2,820,756, ► 2,721,606
Direct greenhouse gas emissions	<i>(tonnes CO<sub>2</sub> eq)</i>	Total	523,703	607,710
		o/w PCA	► 460,404	► 537,116, ► 428,730
Indirect CO <sub>2</sub> emissions	<i>(tonnes)</i>	Total	Not consolidated	356,693
		o/w PCA	282,653	300,186
Direct SO <sub>2</sub> emissions	<i>(tonnes)</i>	Total	73.3	32.6
		o/w PCA	► 56.2	► 15.6 ► 13.04
Direct NO <sub>2</sub> emissions	<i>(tonnes)</i>	Total	524.5	598.6
		o/w PCA	► 455.7	► 522.0 ► 411.5
Paintshop VOC releases	<i>VOC (tonnes)</i>	PCA	► 7,589	► 8,390
	<i>Ratio (kg/vehicle)</i>	PCA	► 3.76	► 3.75 ► 3.65
Annual water withdrawals	<i>(cu.m)</i>	Total	11,197,982	11,804,957
		o/w PCA	► 10,331,003	► 10,864,641 ► 9,974,901
Weight of waste (excluding metal waste)	<i>(tonnes)</i>	Total	324,410	361,166
		o/w PCA	287,835	325,909 319,968

► Data reviewed by one of the statutory auditors, PricewaterhouseCoopers in 2009 and 2010, Grant Thornton in 2011.

The processes for compiling the other indicators were reviewed.

Scope of reporting:

Total = PCA, AP/AC, PCI, PMTC, Gefco

PCA = Automotive Division production sites, R&D facilities and offices

Definitions:

GHG = Greenhouse gases (include carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>))

SO<sub>2</sub> = Sulphur dioxide

NO<sub>2</sub> = Nitrogen dioxide

VOC = Volatile organic compounds

## MAIN SOCIAL INDICATORS

<i>(At 31 December)</i>	Units	2009	2010	2011
Employees under permanent or fixed-term contracts		186,220	198,220	209,019
Employees under fixed-term contracts*	<i>(average annual number)</i>	6,900	8,050	7,831
Total payroll costs*	<i>(in thousands of euros)</i>	6,293,134	6,381,080	6,618,854
Employees hired under permanent contracts*		4,075	7,465	10,873
Separation rate*	<i>(% of total workforce)</i>	9.0 %	7.3 %	5.7 %
Total lost-time incident frequency rate**		► 3.43	► 2.79	► 1.99
Disabled employees*		6,050	5,925	5,983
Hours of training*	<i>(average per employee in hours)</i>	21.1	24.6	23.6
Percentage of women employees*	<i>(% of Group workforce)</i>	21.9%	21.8%	22%

► Data reviewed by one of the statutory auditors, PricewaterhouseCoopers in 2009 and 2010, Grant Thornton in 2011.

The processes for compiling the other indicators were reviewed.

\* Consolidated Group, excluding Faurecia

\*\* Automotive Division manufacturing operations, offices, R&D and sales facilities.

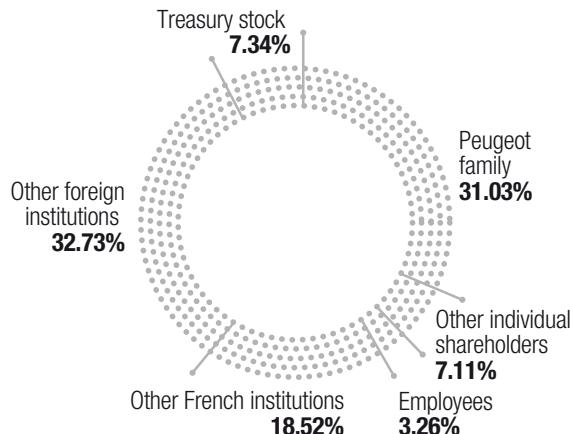
Definition:

JV: joint-venture

For the full indicators, see the Corporate Social Responsibility report available on the Group's website.

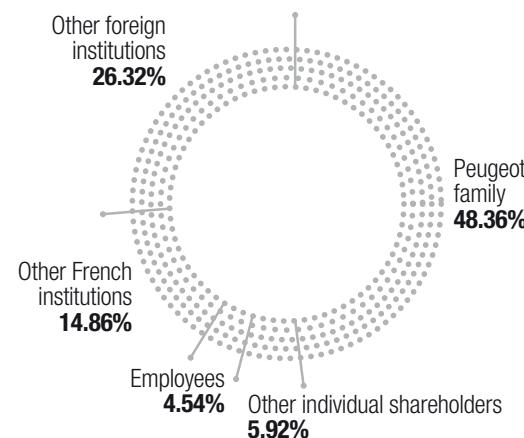
## INVESTOR RELATIONS

**SHAREHOLDER BASE\***  
(in %, at 31 December 2011)



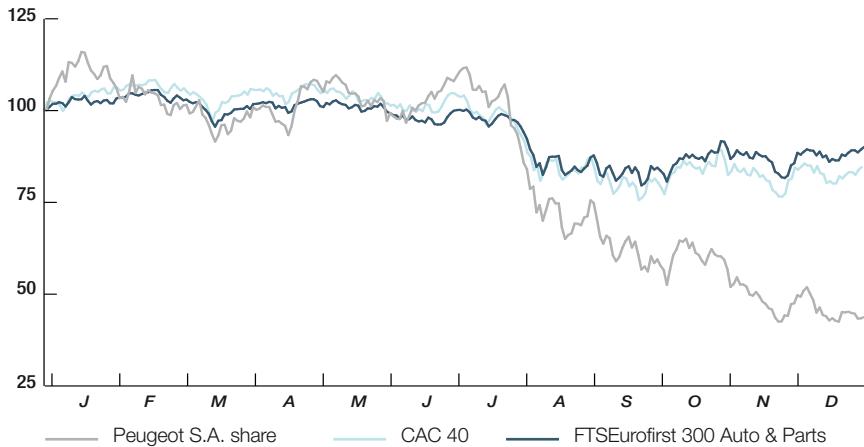
\*Source: Euroclear TPI 31 December 2011 and Thomson Reuters.

**EXERCISABLE VOTING RIGHTS, BY SHAREHOLDER\***  
(in %, at 31 December 2011)



\*Source: Euroclear TPI 31 December 2011 and Thomson Reuters.

**PERFORMANCE OF THE PEUGEOT S.A. SHARE  
VERSUS THE CAC 40 INDEX AND THE FTSEUROFIRST 300 AUTOS & PARTS INDEX**  
(Base 100, 1 January to 31 December 2011)



### DIVIDEND PER SHARE

(in euros)	2009	2010	2011
Net	0	1.10	0*

\* Subject to shareholder approval at the 25 April 2012 Annual Shareholders' Meeting.

In the light of the 2011 results and in order to focus financial resources on the Group's development, at the Annual Shareholders' Meeting on 25 April 2012 the Managing Board will recommend that no dividend be paid in respect of 2011.

### INVESTOR CALENDAR FINANCIAL PUBLICATIONS

#### 2011 Annual Results

15 February 2012 (Before Market Open)

#### First quarter 2012 sales and revenue

25 April 2012 (Before Market Open)

#### Annual Shareholders' Meeting

25 April 2012

#### First Half 2012 results

25 July 2012 (Before Market Open)

#### Third quarter 2012 sales and revenue

24 October 2012 (Before Market Open)

### ENHANCED INVESTOR RELATIONS

The 3,000-member-strong PSA Peugeot Citroën Shareholders' Club, created in February 2012, has been a resounding success. Ten events were organised in 2011, including four shareholders' meetings in Lyon, Avignon, Annecy and Brussels; three conferences in partnership with Ecole de la Bourse; and three site tours. The tours gave visitors the opportunity to discover part of the Group's history, at the Conservatoire Citroën brand heritage centre and the Terre Blanche archives, located in the town where the Group got its start. They also were treated to a day of discovery with a tour of Citroën Racing.

In 2012, PSA Peugeot Citroën took a new step in strengthening and deepening its investor relations by creating a Shareholders' Consultative Committee. The 12-member Committee will be responsible for expressing the expectations of the Group's individual shareholders and for helping to develop investor relations communication resources.

### PEUGEOT S.A. CONTACTS

#### Investor relations

75, avenue de la Grande-Armée  
75116 Paris, France

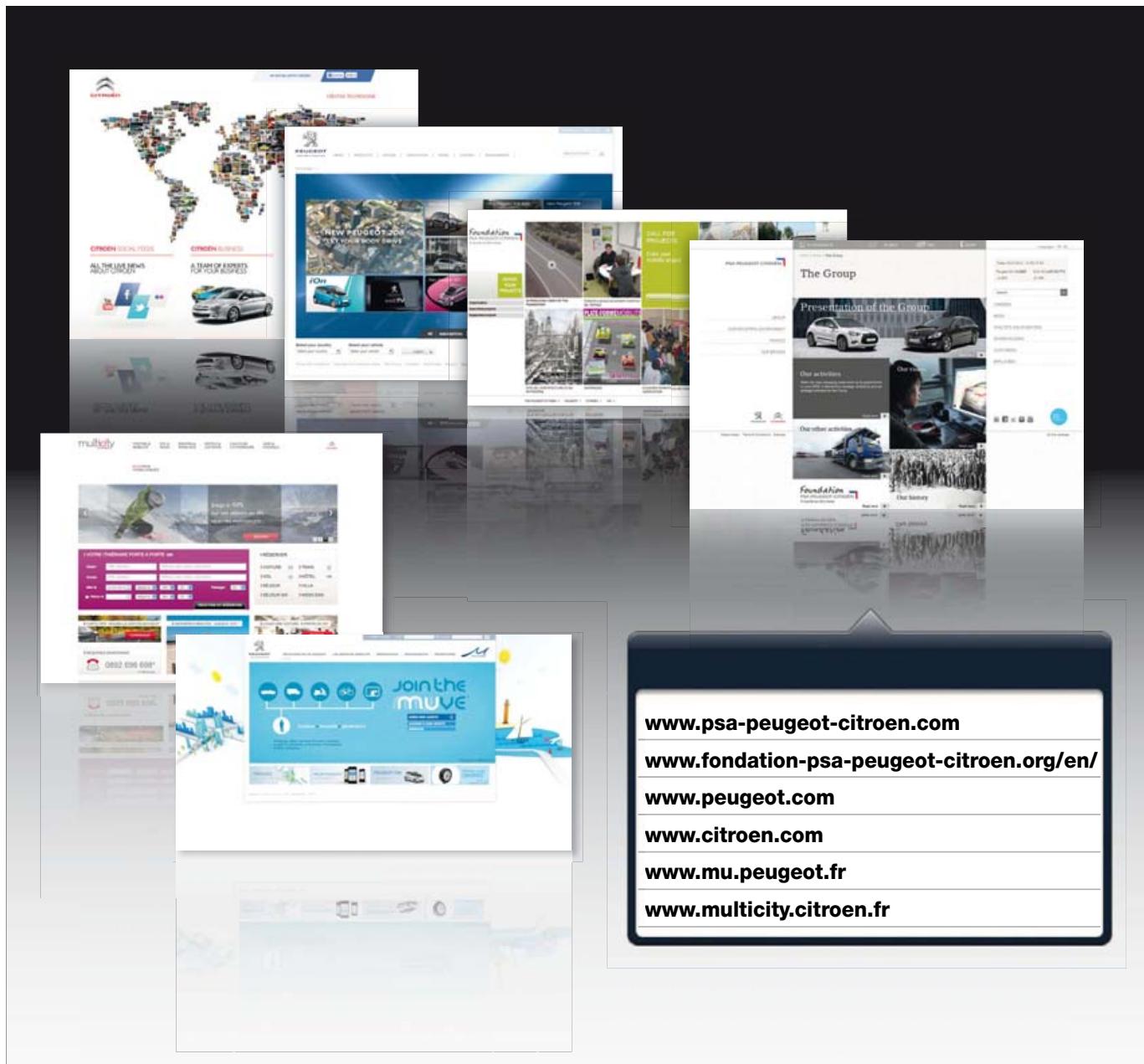
communication-financiere@mpsa.com  
www.psa-clubactionnaires.com

#### Investor relations

Toll-free number  
(from a landline in France)

**N°Vert 0 800 424 091**

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**[www.fondation-psa-peugeot-citroen.org/en/](http://www.fondation-psa-peugeot-citroen.org/en/)**

**[www.peugeot.com](http://www.peugeot.com)**

**[www.citroen.com](http://www.citroen.com)**

**[www.mu.peugeot.fr](http://www.mu.peugeot.fr)**

**[www.multicity.citroen.fr](http://www.multicity.citroen.fr)**

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**PEUGEOT S.A.**

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